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# Code of Conduct for Suppliers



[www.kirchhoff-automotive.com](http://www.kirchhoff-automotive.com)

 **KIRCHHOFF**  
AUTOMOTIVE

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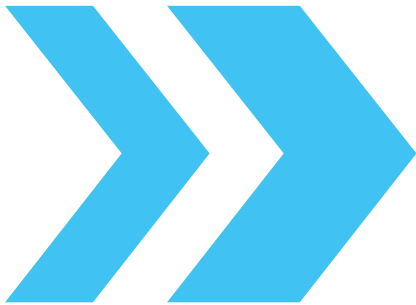
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## Introduction

KIRCHHOFF Automotive aims at achieving mutually beneficial supplier relationships built on shared values and behaviors. KIRCHHOFF Automotive's Code of Conduct for Suppliers (also named: Suppliers Code) is based on our commitments and principles set in the KIRCHHOFF Automotive's Code of Conduct. We encourage our Suppliers to engage in constructive dialogue with KIRCHHOFF Automotive regarding our Code of Conduct for Suppliers.



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### **1. Who the Suppliers Code applies to**

KIRCHHOFF Automotive's Code of Conduct for Suppliers is applicable to any party (regardless of where they conduct business) that contributes products, services, and other business activities to any entity within KIRCHHOFF Automotive (KIRCHHOFF Automotive GmbH and/or any of its affiliated companies). These include suppliers, vendors, consultants, independent contractors, agents, or any other third party that acts in the interests or on behalf of KIRCHHOFF Automotive – hereinafter known as "Supplier(s)".

KIRCHHOFF Automotive requires Suppliers to uphold this set of principles and cascade them throughout their entire supply chain. It is the responsibility of the Suppliers to ensure that their employees and their suppliers (e.g. subcontractors, representatives) of all supply chain levels are informed about and comply with the principles expressed in the Suppliers Code.

### **2. Compliance with Laws**

The Suppliers are required to comply at all times with all applicable local, national, and international laws while exercising their business activities. The Suppliers must ensure that their employees act in accordance with the law when performing professional duties.

KIRCHHOFF Automotive requires the Suppliers to comply with the KIRCHHOFF Automotive's Code of Conduct for Suppliers. If the provisions of the Suppliers Code exceed applicable legislation, the Suppliers must observe higher requirements to the extent permissible under the law.

### **3. Reporting Misconducts**

The Suppliers must inform KIRCHHOFF Automotive as and when they discover a breach of KIRCHHOFF Automotive's Code of Conduct for Suppliers, related policies, or equivalent standards in their own and their suppliers' (all supply chain levels) operations.

#### 4. Risk Management and Evaluation

KIRCHHOFF Automotive's management and escalation process is supported by the KIRCHHOFF Automotive's Risk Management System (RMS), which is based on the methodology of the widely recognized ISO 31000 standard and extending risk management activities to all KIRCHHOFF Automotive entities. An integral part of the RMS is a detailed supplier risk management process performed by the Procurement department on a monthly basis, and covering monitoring, measurement, and full integration of assessment criteria into our Suppliers' performance metrics. Upon surpassing thresholds/limits or in the case of an event or incident with legitimate criticality, the escalation process can be started. At the highest level of escalation in KIRCHHOFF Automotive's

Supply Chain Risk Management Process, the Supplier is put on hold from new business and is eventually phased-out.

Breaches of the KIRCHHOFF Automotive's Code of Conduct for Suppliers may negatively impact business relationships with KIRCHHOFF Automotive. Potential consequences may include but are not limited to contract termination.



## 5. Assessment and Auditing

KIRCHHOFF Automotive reserves the right to monitor and audit each Supplier's compliance with the Suppliers Code.

Upon request, the Suppliers must, by way of providing information (e.g. self-assessment questionnaire) and/or allowing a second or third party audit, verify that the Supplier complies with the principles included in the Suppliers Code. Accordingly, the Supplier shall cooperate by providing relevant information that KIRCHHOFF Automotive requests, and by making individuals accessible so KIRCHHOFF Automotive can conduct a meaningful audit.

6 Similarly, Suppliers are required to evaluate their own supply chain to ensure compliance with the principles of KIRCHHOFF Automotive's Code of Conduct for Suppliers. The Suppliers shall also ensure KIRCHHOFF Automotive has the right to exercise equivalent verification (access to information and/or the second or third party audit) of their suppliers. Any non-compliance by a Supplier or its supply chains must be effectively remediated both in a timely manner and at no additional cost to KIRCHHOFF Automotive.



## 6. Due Diligence

All Suppliers in the KIRCHHOFF Automotive's supplier network are requested to implement a due diligence process themselves, to ensure that their employees, contractors, suppliers, and subcontractors in their own supply chains also comply with the standards and rules expressed in KIRCHHOFF Automotive's Code of Conduct for Suppliers.

Due diligence should be performed on basis of the guidance provided by the OECD in the Due Diligence Guidance for Responsible Business Conduct.



# We Comply with Labor Regulations and Respect Human Rights



## 1. Fair Working Conditions and Respect for One Another

Discrimination, harassment, and disrespectful behavior in any form must be prohibited by the Supplier, also in the recruitment process. The payment of equal remuneration for work of equal value must be guaranteed. The Suppliers should provide equal employment opportunities regardless of worker or applicant characteristics such as age, gender, gender identity, sexual orientation, race, ethnicity or national origin, social origin, marital status, health status, disability, pregnancy, religion or beliefs, political affiliation, political opinion, union association, covered veteran status, and and/or genetics.

The diversity of Suppliers' staff drives innovation and enriches their organization. A culture of diversity, equity, and inclusion should be valued and celebrated. Potential employees must not be misled or defrauded about the nature of the work. The Suppliers shall not charge the

potential employees with any recruitment fee and shall provide employment contracts in a language well understood by them. The Suppliers must guarantee an ethical recruiting process.

## 2. Respect for Human Rights

The Suppliers must permanently respect and protect human rights, including the rights of minorities and Indigenous peoples, as well as women's rights.

All forms of forced labor (including compulsory labor, debt bondage, and human trafficking), as well as all forms of modern slavery (including practices akin to slavery, serfdom, and servitude) or other forms of domination or oppression in the workplace (such as extreme economic or sexual exploitation and humiliation), must be prohibited by our Suppliers. The Suppliers must ensure that child labor is not tolerated within their operations and

throughout their entire supply chain under any circumstances. The Convention No.182 of the International Labour Organization concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour of June 17, 1999 must be observed. Young workers do not work overtime or night shifts and are protected against hazardous conditions that harm their health, safety, morals, and development.

Maintenance of adequate social working conditions is required.

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The Suppliers must respect the legally established minimum wages. Wages/ remuneration must not be withheld. The Suppliers are required to comply with countries' applicable labour laws regarding working hours, overtime compensation, medical leave, government-mandated benefits, and respect binding laws related to leave entitlements.

The Suppliers must respect employees' rights to associate freely, form, join in trade unions, bargain collectively, seek representation, and join workers' councils.



Employees have to be allowed to communicate frankly with management without fear of reprisal, discrimination, harassment, or intimidation.

Unlawful, forced evictions must be avoided. The Suppliers have to restrain themselves from any illegal deprivation of land, forests, and waters via the acquisition, development, or other use thereof.

Hiring or use of private or public security forces to protect business projects must be avoided if, due to a lack of instruction or control on the part of the Supplier, there is a risk of violating human rights (such as torture and cruelty, inhumane or degrading treatment, damages to one's life or limb(s), or withholding the right to organize and freedom of association).

### **3. Occupational Safety and Health Protection**

Occupational injury and illness prevention of employees, contractors and guests must be our Supplier's overriding goal.

Suppliers must comply with all applicable health and safety legislation, regulations and standards. Adherence to health and safety rules and regulations must be evident at the Supplier's location, and when Supplier's employees are present at a KIRCHHOFF Automotive's facility.





Suppliers are required to implement and/or maintain a health and safety management system and provide all employees with regular adequate training and instructions.

We encourage Suppliers to use a certified health and safety management system such as ISO 45001 to continuously minimize health and safety risks and improve working conditions for employees and partners while at work.

KIRCHHOFF Automotive expects Suppliers to implement and maintain programs to prevent and minimize risks of accidents and hazards including but not limited to:

- Machine safety
- Personal protective equipment
- Workplace ergonomics
- Fire prevention/safety
- Handling of chemicals, physicals or biological substances
- Identifying hazards
- Incident and accident management
- Measures to avoid employees' excessive physical and mental fatigue
- Work organization in terms of working hours and rest breaks

Suppliers must also be prepared to respond quickly and effectively to any emergency events e.g. medical, fire, combustible gas leaks and chemical spills. Suppliers must ensure that emergency exits and evacuation routes, as well as fire equipment and other equipment, are in place and up to date.



# Integrity is the Foundation of Our Actions



## 1. Anti-Corruption and Anti-Bribery

The Suppliers must have a zero-tolerance policy for all forms of corruption, bribery, embezzlement, and extortion.

The Suppliers must comply with applicable anti-corruption laws as well as the UK Bribery Act of 2010 and U.S. Foreign Corrupt Practices Act of 1977. The Suppliers and their employees are required to not influence their business partners or be influenced in an illegal way through any corrupt practices in whatever form, including offering or accepting bribes, excessive gifts or hospitality, facilitation payments, or extortion.

## 2. Anti-Money Laundering

The Suppliers must respect anti-money laundering laws. It is expected to combat money laundering practices. The Suppliers must not support or engage in money laundering. They are required to diligently verify their suppliers to build business

relations only with reliable and trustworthy partners, for whom legal compliance is a fundamental issue. The Suppliers should be precautious of money laundering indications and report any suspicious transaction to relevant authorities. Financing of terrorism or criminal organizations is prohibited as well.

## 3. Export Controls, Trade, and Economic Sanctions

The Suppliers must observe applicable laws and regulations governing customs, import and export of goods, services, technologies, and information. Furthermore, they are required to respect national and international restrictions on trade, economic sanctions, and embargoes.

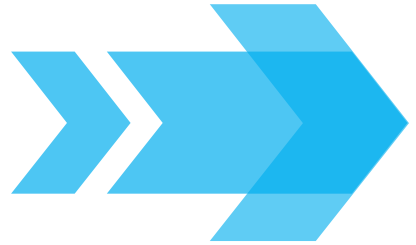
## 4. Fair Competition and Anti-Trust

The Suppliers must observe fair competition and anti-trust laws. Collusive pricing, carving up markets, and any form of unfair competition distortion are prohibited.

## 5. Conflict of Interest

Business decisions of the Suppliers and their employees must be undertaken

solely on the grounds of objective criteria, and may not be influenced by financial or other personal interests or relationships. The Suppliers must ensure that their employees disclose if they are in a conflict of interest situation. The Suppliers will then take steps to remedy these conflicts and if this may affect KIRCHHOFF Automotive, will immediately make the appropriate notification.



**6. Intellectual Property**

All valid intellectual property rights (recognized as, but not limited to: patents, trademarks, copyrights, designs, models, samples, and business intelligence) must be respected by the Suppliers.

The Suppliers must also make sure to protect KIRCHHOFF Automotive's intellectual property against access by unauthorized employees and third parties.

**7. Counterfeit Parts**

KIRCHHOFF Automotive requires its Suppliers to develop, implement, and maintain effective methods and processes to detect and minimize the risk of introducing counterfeit parts and materials into our supply chain. If detected, the Suppliers are expected to establish effective processes to quarantine the product and notify the recipients of the counterfeit product.



## 8. Responsible Sourcing of Raw Materials

While sourcing raw materials, Suppliers are expected to exercise due diligence in conjunction with relevant parts of the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or equivalent processes. Specifically, upon request, the Suppliers are obliged to disclose information concerning the usage of minerals from Conflict-Affected and High-Risk Areas.

From our Supplier network we expect to follow the same processes and procedures (or equivalent) while sourcing raw materials.

Upon request, Suppliers shall disclose information about their supply chain including data on the origin of the material. For example, via the 'Responsible Minerals Assurance Process' (RMAP) and the Conflict Minerals Reporting Template (CMRT) by the Responsible Mineral Initiative (RMI).

## 9. Artificial Intelligence

In case of developing/using artificial intelligence by Suppliers, they are required to do it responsibly and reliably while protecting privacy and ensuring security.

## 10. Privacy

Actions against Suppliers' employees' privacy, families, or homes, and attacks upon their honor or reputation are prohibited.

## 11. Remediation

In case of Suppliers' business activities that contribute, or cause adverse impacts (e.g. social or environmental), the Suppliers should take necessary measures or cooperate to provide remediation through legitimate processes.

## 12. Non-retaliation

The Suppliers are prohibited from any form of retaliation, such as intimidation, threats, physical and/or legal attacks against stakeholders, including those who exercise their legal rights to freedom of association or expression.

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# Data and Information Management is Clear and Transparent



## 1. Financial Responsibility/Accurate Records

The Suppliers are required to maintain financial responsibility. They must perform their business dealings transparently and document them in a proper manner. Financial information should be recorded accurately and reliably to faithfully reflect the business operations with complete reports. Furthermore, the Suppliers should provide an effective system control for financial reporting.

## 2. Disclosure of Information

Disclosure of financial and non-financial information should be preceded by Suppliers in compliance with applicable laws, regulations, and prevailing industry practices.

## 3. Confidentiality, Data Protection, and Data Security

KIRCHHOFF Automotive requires Suppliers to observe all applicable laws and regulations, as well as agreed-upon contracts regarding data protection, data security, and confidentiality.

The Suppliers should respect the privacy and civil liberties concerning personal data processing (e.g. collection, use, dissemination, and retention), and they must take necessary efforts to provide adequate actions to protect all personal data.

The Suppliers must ensure information security. They must appropriately handle confidential information whether they are generally acquainted or access has been provided explicitly. The Suppliers must protect confidential information (regardless of its form, such as documents or digital data) from being lost or accessed by unauthorized third-parties, using state-of-the-art measures. The employees of the Suppliers should be committed to keeping information confidential.

# Nature and Biodiversity is Important to Us and Future Generations



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## 1. Environmental Responsibility

As KIRCHHOFF Automotive, we require all of our Suppliers to comply with national and international environmental standards and regulations.

The Suppliers are required to implement an environment management system and provide all employees with regular access to relevant training and instructions.

We recommend that Suppliers implement and operate an effective and certified environmental management system according to ISO 14001 or Eco-Management and Audit Scheme (EMAS), and a certified energy management system according to ISO 50001.

In addition, we encourage your Supplier network to continuously optimize and minimize their ecological footprint, resource consumption, and environmental impact.

The Suppliers must protect the environment by conscious and sustainable resource management and by meeting strict environmental standards in all production processes. Circularity, the use of sustainable and renewable natural resources, reducing waste, and increasing reuse and recycling, should be supported by our Suppliers.

The Suppliers must monitor and control their impact, especially regarding the quality of water, soil, and air. The Suppliers must not cause any harmful soil change (including soil erosion, nutrient degradation, subsidence, and contamination), water pollution, air pollution, harmful noise emissions, or excessive water consumption that:

- a) significantly impairs the natural bases for the preservation and production of food,
- b) denies a person access to safe and clean drinking water,
- c) makes it difficult for a person to access sanitary facilities or destroys them, or
- d) harms the health of a person.

The Suppliers are expected to establish a water management system, with focus on its responsible use and aiming at minimizing water consumption.

It is important to preserve nature and biodiversity for future generations. Using the land, the Suppliers should develop and implement a strategy and actions to prevent, reduce, and equilibrate damaging impacts of their business on the ecosystem. Especially, key biodiversity areas should be protected and illegal deforestation must be avoided.

The Suppliers during their activities should also consider animal welfare, in particular the 3R principle (Replacement, Reduction, and Refinement), by avoiding causing unnecessary injuries to animals and animal suffering.





## **2. Greenhouse Gas Reduction – Decarbonization**

As our Supplier network represents significant part of our value creation, we require our Suppliers and supply chains to share this commitment and reduce their greenhouse gas emissions in accordance with the Paris Agreement's 2-degree Celsius target (or better).

Our supply chain partners are expected to support a proactive approach to environmental responsibility and reduce the environmental footprint of their operations throughout their product life-cycle. A comprehensive approach includes, but is not limited to, adopting the following Emissions Reduction Levers:

1. Energy monitoring and reduction of energy consumption
2. Procurement/generation of green electric energy
3. Conversion from natural gas to renewable electricity or biogas
4. Adaptation and introduction of low-emission/carbon-free technologies

The Suppliers shall commit to continuously improving their environmental performance by reducing greenhouse gas emissions and promoting a circular economy. Additionally, they should search for methods

that improve energy efficiency and use renewable energy sources to prevent emissions.

The Suppliers must provide transparency regarding their greenhouse gas emissions from their own operations (goals or targets should be in accordance with best practice standards and climate science e.g. Science Based Targets initiative), as well as through the Carbon Disclosure Project (CDP) or "KIRCHHOFF Automotive's Product Carbon Footprint Guideline for Suppliers" and tender documents. On the product level, we request our Suppliers to report the product carbon footprint as described in the document "KIRCHHOFF Automotive's Product Carbon Footprint Guideline for Suppliers".

## **3. Material Restrictions and Responsible Chemical Management**

The Suppliers, including their own suppliers of all supply chain levels, shall comply with all applicable laws and regulations regarding the restriction, registration, and where necessary, authorization or notification of chemical substances contained in their end products, and production process according to the statutory requirements that apply in the respective markets (e.g. REACH). In this context, Suppliers are expected to responsibly manage chemicals and hazardous substances in manufacturing processes.



The Suppliers must comply with the binding versions of:

- the Minamata Convention on Mercury of October 10, 2013, especially in reference to the manufacture of mercury-added products, the use of mercury and mercury compounds in manufacturing processes, and the treatment of mercury waste.
- the Stockholm Convention on Persistent Organic Pollutants of May 23, 2001, especially in reference to the production and use of chemicals as well as handling, collection, storage, and disposal of waste.
- the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of March 22, 1989, especially in reference to export and import of hazardous waste and other wastes.



# Whistleblowing

KIRCHHOFF Automotive has implemented a system that allows Suppliers and other external persons to report violations (and risk thereof) of human rights, environmental regulations, business ethics, or any other breach of the KIRCHHOFF Automotive's Code of Conduct, the KIRCHHOFF Automotive's Code of Conduct for Suppliers, or other company's policies or laws. It guarantees confidentiality, personal data protection, and non-retaliation for any whistleblower within the law.

To report a concern, whistleblowers should contact a Global Compliance Expert or Ombudsman. The communication channels and details of the whistleblowing mechanism are available on the KIRCHHOFF Automotive official website.

The Suppliers are required to implement their own equivalent whistleblowing mechanism in line with applicable laws. It must allow internal and external

whistleblowers to report risks and violations (related to human rights, the environment, business ethics, or any other incident that breaches principles equivalent to those included in this Suppliers Code or violates the law) confidentially, with the protection of their identities. The Suppliers must guarantee that all whistleblowers who provided an honest grievance report, are protected against threats, harassment, and any other retaliation.

The Suppliers should communicate information about KIRCHHOFF Automotive and their own whistleblowing mechanisms to all stakeholders.

The Suppliers are encouraged to take reasonable measures to ensure that an equivalent whistleblowing requirement is included in contracts with their own suppliers.



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