

# **Punch Powertrain Group**

## ***Supplier Code of Conduct***

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For the Punch Powertrain Group (**Punch Powertrain**), our economic success cannot be separated from our responsibilities for our employees and business partners or from our social, economic, environmental and ethical responsibilities. Punch Powertrain has given itself a strict set of ethical standards and we expect all of our suppliers, contractors, vendors, consultants, business partners, agents, including their respective subcontractors, i.e. all companies who do business directly or indirectly with any company of the Punch Powertrain Group (hereinafter referred to as **Supplier(s)**) to follow the same ethical standards in order for us to have a long-lasting and sustainable business relationship with them.

This Supplier Code of Conduct (**SCoC**) was created to describe Punch Powertrain's global expectations in the areas of business integrity, fairness, labor practices, health and safety, environmental management, etc. as a group. We expect our Suppliers to conduct their everyday business with the same integrity, fairness, honesty, and transparency, and to adhere to the following described principles.

### **SOCIAL RESPONSIBILITIES**

#### **HUMAN RIGHTS AND FAIR LABOR PRACTICES**

##### ***HUMAN RIGHTS***

The Suppliers respect human rights in all the countries in which they operate, including in geographical areas where human rights are not yet sufficiently protected. The Suppliers agree to work toward preventing situations of complicity or acts of collusion concerning fundamental human rights violations and they pledge their commitment to fulfill their responsibility towards respecting human rights and this also throughout their entire supply chain.

##### ***PROHIBITION OF CHILD AND FORCED LABOR***

Any form of child labor is prohibited at our Suppliers. The Suppliers shall not employ children under the legal minimum age of employment in any country or local jurisdiction as defined by national law or regulation, and they shall comply with all relevant International Labor Organization (ILO) standards.

The Suppliers shall not use any form of forced, bonded, compulsory labor or modern forms of slavery, meaning the performance of work against the will of the working person. Employment decisions must be based on free choice and there must be no coercion or threat of punishment such as withholding of food, confiscation of land, violence, etc. The Suppliers shall ensure that workers do not pay fees or make any payment connected to obtaining employment throughout the hiring process and the employment period.

No physical or mental punishment, threats of violence or other forms of physical, psychological, sexual or verbal abuse may be used as a method of discipline or control. Disciplinary policies and procedures shall be clearly defined and communicated to the workers.

##### ***FAIR WORKING CONDITIONS***

The Suppliers shall comply with all applicable legal and regulatory requirements for ensuring fair working conditions and apply generally sound employee relations practices. Working hours, salaries and benefits must be consistent with laws and industry standards, including those pertaining to minimum remunerations, overtime, breaks, other elements of compensation, protection of privacy, and legally mandated benefits.

In addition, consistent with applicable law, the Suppliers respect the rights to join or refrain from joining an association and worker organization of their choice, free from threat or intimidation.

### **DIVERSITY AND INCLUSION; NO DISCRIMINATION AND HARASSMENT**

The Suppliers shall promote an inclusive work environment that values the diversity of its employees and in which employee's contributions are valued and respected. Harassment, including unwelcome verbal, visual, physical, sexual or other conduct of any kind that creates an intimidating, offensive or hostile work environment will not be tolerated.

The Suppliers shall be committed to equal opportunities for every person, and they shall not discriminate or tolerate discrimination or harassment with respect to gender, ethnic and national origin, pregnancy or parenthood, marital status, sexual orientation, race, skin color, religion, age, disability, political opinions, or any other characteristic protected by law. Employment decisions shall be solely based on qualifications, skills, performance and experience.

### **HEALTH AND SAFETY**

The Supplier shall comply with applicable occupational health and safety regulations related to their specific industry and provide a work environment that is safe and conducive to good health e.g. prevent accidents, (occupational) injuries and work-related illnesses. This includes regular workplace risk assessments and the implementation of adequate hazard control and precautionary measures, including the provision of appropriate personal protective equipment. Employees are to be adequately educated and trained in health and safety issues in a language they understand.

### **CORPORATE RESPONSIBILITIES**

Punch Powertrain takes all decisions in a professional manner based on objective criteria. A reliable, binding and customer-focused working manner towards business partners is essential for Punch Powertrain in order to secure Punch Powertrain's long-term success.

### **CONFLICT OF INTEREST**

Punch Powertrain takes, and expects its Suppliers to take, business decisions free of special or conflicting interest and outside influences. A conflict of interest entails any personal or financial interest, any business or personal activity or relationship, or any obligation that may interfere with the ability to objectively perform job duties and responsibilities or impair independence and objectivity.

The Suppliers are obliged to disclose any actual, potential or merely apparent conflicts of interest related to its activities with Punch Powertrain, and to resolve them as quickly as possible.

### **PREVENTING BRIBERY AND CORRUPTION**

Punch Powertrain is committed to conducting business ethically and legally, and rejects any form of bribery and corruption. The Suppliers shall comply with all applicable anti-corruption laws and regulations, including those concerning bribery abroad. The Suppliers shall not offer, provide or accept any direct or indirect handouts in the form of payments, bribes, kickbacks or anything of value, or any other benefits such as invitations and gifts (exceeding that which is customary and appropriate) to any individual, a company or an official with the aim of influencing the decision-making processes or to secure an improper advantage in order to obtain or retain business.

### **MONEY LAUNDERING AND FINANCIAL RECORDS**

The Suppliers shall comply with applicable laws and regulations designed to combat money laundering activities. Consequently, the Suppliers shall maintain accurate financial books, business records and reports in accordance with all applicable legal and regulatory requirements and accepted accounting practices.

### **FREE COMPETITION**

Punch Powertrain is committed to fair and undistorted competition and also expect this from its business partners. The Suppliers shall ensure that their business practices are compatible with the applicable competition and anti-trust laws, and that they will implement any necessary anti-competitive practices. The Supplier shall independently determine its behavior and its commercial policy on the market in order to maintain healthy competition between all players.

## **HANDLING INSIDER INFORMATION**

The use of insider information in trading with securities and other tradable financial instruments and the communication of such insider information to third parties to be used for such purpose is prohibited by law. If the Suppliers should have knowledge of insider information, they shall treat it in accordance with the applicable provisions of law regarding insider trading.

## **DATA PROTECTION, INFORMATION SECURITY, AND DISCLOSURE OF INFORMATION**

The Suppliers shall adhere to applicable data protection laws, including security of personal data, as well as to respective regulation, e.g. GDPR, in particular with regard to personal data of customers, consumers, employees and shareholders. The Suppliers shall comply with all applicable requirement when personal data is collected, recorded, hosted, processed, transmitted, used or erased.

The information security requirements applicable to Suppliers with regard to any data entrusted to their control during and after their engagement with Punch Powertrain are based on international standards, such as the Code of Practice for Information Security Management. Suppliers shall protect the confidentiality, integrity and availability of information. They shall make only appropriate use of the received confidential information and shall comply with all contractual requirements on data protection and information security. Punch Powertrain expects its Suppliers to take suitable security measures to ensure the protection of electronically stored information.

## **ENVIRONMENTAL RESPONSIBILITIES**

### **SUSTAINABILITY AND ENVIRONMENTAL PROTECTION**

The Supplier shall carry out its operations with care for the environment and comply with all applicable environmental laws, regulations and standards as well as implement an effective system to identify and eliminate potential hazards to the environment. We expect our Suppliers to manage the potential environmental impact created by their products, their services or their daily business decision. In addition, Suppliers should actively search for opportunities to conserve natural resources, including source reduction, re-use and recycling, and pollution control for protection of the natural environment.

Punch Powertrain also expects its Suppliers to report relevant data on environmental and climate protection upon request. We expect our Suppliers to take environmental and climate protection into account in their own operations, for example, by setting climate protection goals for themselves and achieving them. Moreover, the Supplier needs to be committed to contributing to the objective of recyclability of their products through their material proposals. The Supplier shall produce a complete material itemization of its parts.

### **RESEARCH AND DEVELOPMENT**

Punch Powertrain questions the long-term impact of innovations, developments and future technologies on the environment. For tomorrow's technologies or solutions there may not yet be any legal provisions, so it is important for Punch Powertrain to observe ethical principles while making decisions and executing research and development actions, and we expect our Suppliers to do the same

## **ETHICAL PRINCIPLES**

### **CONFLICT MINERALS**

The Suppliers shall comply with all applicable laws and resulting due diligence obligations with respect to the sourcing of minerals and materials from conflict affected regions and high-risk areas, which may contribute to human rights abuses, corruption, the financing of armed groups or similar negative effects. Punch Powertrain's policy is to establish transparency with its Suppliers on the origin of minerals and materials used, to refrain from sourcing from illegal channels and, to promote a responsible supply process.

## **COMPLIANCE WITH THE LAW**

The Suppliers shall comply with all laws, rules and regulations applicable in the countries in which they operate, and which are relevant to its business activity in conjunction with Punch Powertrain (e.g. export control, environment, safety, transport, etc.). The Suppliers shall support the principles of the United Nations Global Compact, the UN Universal Declaration of Human Rights, the UN Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises as well as the 1998 International Labor Organization Declaration on Fundamental Principles and Rights at Work, in accordance with national laws and practices. The Suppliers have a system in place to monitor their compliance with these applicable laws, rules and regulations or are setting up a system therefor.

Punch Powertrain is aware that legal and cultural requirements can vary in individual countries, lines of business or markets. Should the Supplier fall under more stringent provisions than described in this SCoC, the stricter provisions shall prevail.

## **SUSTAINABLE PROCUREMENT**

### **COMPLIANCE WITH THE SUPPLIER CODE OF CONDUCT**

Punch Powertrain reserves the right to check compliance with the requirements of this SCoC, for example through self-assessments and audits either by Punch Powertrain or a third party. In case a breach is identified, the Supplier shall create an incident report and present a corrective action plan.

The terms and conditions set forth in this Supplier Code of Conduct reflect Punch Powertrain's values and commitment to its customers, the communities which we serve and the protection of the environment. Therefore, any breach of these terms and conditions must be cured. Without prejudice to any other contractual remedies Punch Powertrain may be entitled to, any failure to cure a breach as soon as reasonably possible will cause Punch Powertrain to consider ending the commercial relationship.

Punch Powertrain asks its Suppliers to accompany the deployment of the above principles throughout their own supply chain. The Suppliers need to raise its own supplier's awareness on social, corporate, environmental and ethical issues and shall establish a responsible procurement policy respecting these principles.

### **RESPECT AND DUTY OF CARE**

All Suppliers are required to act and interact with respect and in good faith with employees of Punch Powertrain. Suppliers are to exercise due care in the use of property and equipment entrusted to them, as if the property is their own.

When using property or materials that carry a Punch Powertrain trademark or brand, all Suppliers shall exercise particular care as any of their actions or activities may be associated with Punch Powertrain. Any unauthorized use of branded or trademarked materials or equipment is to be avoided. It is considered a misuse of Punch Powertrain branded or trademarked materials and equipment if even an appearance of impropriety can be inferred.

### **CONTINUOUS IMPROVEMENT**

The Suppliers shall feel encouraged to proactively approach Punch Powertrain with innovative ideas which contribute to further social, economic or environmental improvement. Punch Powertrain values the open exchange of new ideas and is willing to explore new opportunities jointly with Suppliers.

Supplier hereby confirms to have received the aforementioned Supplier Code of Conduct of Punch Powertrain Group. Supplier will comply with it and further confirms that the SCoC will apply to any existing and future contractual relationship they will have with any part of the Punch Powertrain Group. Punch Powertrain reserves the right to amend this SCoC at any time, particular because of changes to the relevant laws and regulations. Should the SCoC be altered in any way, the Supplier will be informed by Punch Powertrain. The Supplier formally accepts that, upon prior notice, Punch Powertrain (or a third party appointed by Punch Powertrain) may conduct reasonable audits at Supplier's various sites to verify Supplier's compliance with this SCoC.