

SUPPLIER CODE OF CONDUCT

of the Rhenus Automotive SE



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INTRODUCTION

In all its business activities, the Rhenus Automotive Group adopts an approach which is both environmental and based on human rights. This is possible by embedding due diligence in all our processes and by building on a global supplier network that shares these values. The policy statement of the Rhenus Automotive Group describes the human rights strategy of the Rhenus Group as well as the due diligence processes that are to be applied. We expect our suppliers to meet the same standards of sustainability. This Supplier Code of Conduct specifies the standards in our own business processes as well as the principles governing the supplier network. These follow legal regulations, such as the German Supply Chain Sourcing Obligations

Act (LkSG), as well as internationally recognised standards, such as the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO Core Labour Standards and the principles of the UN Global Compact. This Supplier Code of Conduct specifies the minimum requirements as well as our expectations in terms of the standards that our suppliers must observe and fulfil. We require our suppliers, as our business partners, to also address these matters appropriately with their downstream partners in the supplier network. Cooperation of the supplier is decisive for success and represents the basis for our business relationship.

MINIMUM REQUIREMENTS FOR SUPPLIERS

The following requirements for suppliers are derived from legal requirements and the risk-based approach of the Rhenus Automotive Group. We conduct risk analyses for direct suppliers on a regular basis and for indirect suppliers on an ad hoc basis.



1. RESPONSIBLE BUSINESS PRACTICES

Responsible and lawful business practices are an integral part of our value system. The supplier must comply with all legal requirements applicable to its product and operations, in particular those of anti-trust and competition law and those relating to corruption prevention, money laundering prevention, export control and data protection. The supplier is obliged to establish a competent body for compliance and corporate ethics and to draw up a code of conduct or guidelines on corporate ethics. The supplier must refrain from offering or granting special material benefits to employees of the Rhenus Automotive Group or its customers. This does not apply to benefits (e.g. hospitality) and product-related events in the normal course of business. Only with the approval of Rhenus Automotive SE is the supplier permitted to knowingly (sub)commission companies in which employees of the Rhenus Automotive Group hold a significant share or with which they have a similar close relationship.



2. ECOLOGICAL RESPONSIBILITY

The finite resources of nature must be protected, which is why prudent and efficient use is necessary. The supplier must comply with all national and international environmental standards and legislation that apply to the operating site. The supplier is expected to refrain from harmful soil contamination, water and air pollution, harmful noise emissions or excessive water consumption which significantly affect the natural basis for the preservation and production of food, deny a person access to safe drinking water, make it difficult or impossible for a person to access sanitary facilities or damage a person's health. The supplier must continuously reduce its environmental impacts and hazards and continuously improve environmental protection within its own sphere of influence. It is necessary to continually minimise the consumption of resources (especially energy, water, raw materials or (primary) materials) as well as environmental impacts (especially emissions, pollutants, waste). Thus the supplier must introduce and operate an environmental management system in accordance with ISO 14001 or Eco-Management and Audit Scheme (EMAS) when required to do so, and if this is appropriate, and provide evidence of this by submitting a corresponding certificate. The supplier is obliged to establish a competent body for environmental sustainability and to draw up an environmental policy and establish corresponding training for its employees.



3. DECARBONISATION

Within the scope of the assignment, the supplier shall take measures to reduce its direct and indirect CO₂e emissions (including its upstream value chain). For example, these include the use of green electricity and the use of secondary or biomaterials. The exact requirements are defined and contractually anchored as part of the tendering and contracting process, and compliance with them is checked annually. Suppliers are expected to create transparency with regard to their own emissions and those of upstream supply chains (e.g. via lifecycle assessments (LCA)) and to set themselves reduction targets, also for their supply chain.



4. RESOURCE CONSERVATION AND RECYCLING MANAGEMENT

The supplier is expected to refrain from wastage and to ensure responsible handling of resources such as water, energy, raw materials and other materials. Similarly, the supplier is expected to provide its own n-tier supply chain with regard to the provision of secured secondary raw material sources, if requested by our client and if the request is reasonable. The supplier shall in any case explore the maximum possible use of secondary raw materials, for example by taking into account development premises such as "Design for Circularity" and "Design for Disassembly", and the establishment of closed loops for the recycling of valuable materials in its own supply chain.



5. PROTECTION OF BIODIVERSITY

The Rhenus Automotive Group is committed to halting deforestation and the transformation of natural ecosystems in supply chains. The supplier is expected to protect natural ecosystems and not contribute to the alteration, deforestation and degradation of natural forests and other natural ecosystems. Where applicable, the guidelines of the High Conservation Value Resource Network (HCV) and the High Carbon Stock Approach (HCSA) shall be implemented. The Rhenus Automotive Group excludes the use of raw materials from the deep sea for its products and also expects this from the supplier and its supply chain.



6. HANDLING HAZARDOUS SUBSTANCES AND WASTE

There are risks associated with the use of hazardous substances, chemicals and materials. The Rhenus Automotive Group is committed to preventing, minimising or ending risks. The supplier is expected to apply procedures that not only ensure the delivery of parts and components, but also take into account environmental aspects as well as those related to health and safety. Consequently, the supplier must label these substances in accordance with applicable regulations and ensure that they are handled, transported and stored safely. Similarly, the supplier must ensure that they are properly reused, recycled or disposed of. The requirements of the following conventions must be followed: the Minamata Convention (use of mercury), the Stockholm Convention (persistent organic pollutants) and the Basel Convention (transboundary movements of hazardous wastes and their disposal). In addition, all other laws and regulations relating to hazardous substances, chemicals and substances applicable to the site or the market concerned must be complied with (e.g. European Regulation (EC) No 1907/2006(REACH)). The supplier must provide information on request about the use of substances in manufacturing and operation that are subject to legal provisions/restrictions, as well as to submit written descriptions of procedures for handling these substances. The supplier is expected to obtain information about legislation applicable to it in the future and to prepare for its prompt implementation.



7. SOCIAL RESPONSIBILITY

The supplier must ensure that it does not commit or participate in human rights violations. The Rhenus Automotive Group rejects any threats to or defamation of persons who advocate the protection of human rights at the supplier and address human rights violations (human rights defenders) and it also expects the supplier to ensure their protection should this be necessary. The supplier is expected to observe the principles and rights set out in the guidelines of the UN Global Compact initiative and the ILO “Declaration on Fundamental Principles and Rights at Work and its Follow-up”, and to align its due diligence processes with the requirements of the UN “Guiding Principles on Business and Human Rights”. This also includes the prohibition of any act or omission in breach of duty which would, in a particularly serious manner, directly impair a protected legal position, the unlawful nature of which is obvious.

Accordingly, the supplier is obliged to comply with at least the following requirements:

(i) Establishment of a competent body for social sustainability; (ii) Establishment of a competent body to monitor risk management in the area of sustainability, (iii) Creation of a guideline on working conditions and human rights that contains at least the following topics: prohibition of child labour; young workers; wages and benefits; working time; prohibition of modern slavery; freedom of association and collective bargaining; non-discrimination and harassment; women’s rights; diversity, equality and inclusion; land, forest and water rights and forced eviction; training of its employees on this policy.



8. PROHIBITION OF CHILD LABOUR

No form of child labour will be tolerated. The supplier must ensure that no child labour is used in its own business or by its own suppliers and undertakes to comply with the following requirements: (i) Prohibition of the worst forms of child labour (ILO 182); (ii) Minimum age for employment compliant with the national law of the supplier’s location and at least 15 years (ILO 138); (iii) Persons under the age of 18 are minors and therefore in need of protection (ILO 182). Workers must not be allowed to perform work which, due to its nature or the circumstances in which it is carried out, would endanger their safety, health or morals, e.g. overtime or night shifts (ILO 138).



9. PROHIBITION OF FORCED LABOUR AND SLAVERY

No form of forced or compulsory labour shall be tolerated. The supplier must ensure that neither forced labour exists nor other forms of modern slavery are tolerated such as servitude and work performed under duress or human trafficking. This specifically concerns: Any work or service demanded of a person under threat of punishment and for which that person has not voluntarily made themselves available (ILO 29), as well as all forms of slavery, practices similar to slavery (e.g. demanding excessive fees and withholding documents), servitude or other forms of domination or oppression in the environment of the place of work (e.g. debt bondage and the use of violence), such as extreme economic or sexual exploitation or humiliation.



10. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

The Rhenus Automotive Group recognises the right of workers to form trade unions and to bargain collectively for the regulation of working conditions. The supplier must uphold the right of employees to form trade unions in its business. The establishment or joining of or membership in a trade union may not be used as a reason for unjustified discrimination or reprisals. Trade unions must be allowed to operate freely and in accordance with statutory requirements at the place of employment. This includes the right to strike and the right to collective bargaining. The supplier must exclude the use of security forces to interfere with freedom of association.



11. PROTECTION AGAINST DISCRIMINATION

The Rhenus Automotive Group does not tolerate any form of discrimination. The general prohibition of discrimination in Article 2(1) of the International Covenant on Civil and Political Rights of 9 December 1966 provides guidance on this issue. Unequal treatment in employment, for example on the basis of national or ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief (ILO 111), must be excluded unless it is based on the nature of the employment.



12. RIGHT TO HEALTH AND SAFETY AT THE WORKPLACE

Protecting and promoting the health of employees is the top priority. The supplier must comply with all national and international standards and legislation on occupational health and safety that apply to the operating site (in particular occupational safety, health protection, working hours). The supplier must, on request, introduce and operate an effective, certified occupational health and safety management system in accordance with ISO 45001 (or comparable) and to provide evidence of this by submitting a corresponding certificate and an occupational health and safety guideline, if and to the extent this is risk-based and appropriate. The supplier must organise working hours (overtime and maximum working hours, rest periods, work schedules, maternity/parental leave, sick leave, family leave, paid overtime) in such a way that occupational accidents due to physical and mental fatigue are avoided and the health of employees is protected (ILO 1, ILO 14). This principle also covers temporary work, posting of employees and work that has been outsourced. The supplier must observe the prohibition at work of harassment, abuse as well as punishment with any form of violence whatsoever. In particular, the supplier must comply with the prohibition of hiring or using private or public security forces for the protection of a business project if, due to a lack of instruction or control on the part of the company, the prohibition of torture and cruel, inhuman or degrading treatment is disregarded or life and limb are otherwise violated in the use of such security forces.



13. RIGHT TO APPROPRIATE REMUNERATION

The supplier shall ensure the payment of appropriate wages as well as compliance with all applicable statutory labour regulations, e.g. with regard to working hours, remuneration and social benefits. In specific terms, this means: The wage must be at least in accordance with the locally applicable minimum wage regulations and in any event must be adequate to ensure a living. Payment of wages must be made in a comprehensible manner and at a specific time, pursuant to ILO 95. Unauthorised deductions from wages and the withholding of wages as a disciplinary measure are prohibited. Overtime may not exceed statutory limits. Social benefits may be claimed by employees in accordance with the applicable laws (e.g. sick leave). Payment of contributions is mandatory if statutory social insurance is in place.



14. RIGHTS OF LOCAL COMMUNITIES

The Rhenus Automotive Group respects applicable local, national, international and traditional land, water and resource rights. In accordance with the United Nations Declaration on the Rights of Indigenous Peoples, in particular the rights of indigenous peoples and local communities must be respected, promoted and protected throughout the supply chain. The supplier undertakes not to participate in land grabbing. The supplier must also comply with the prohibition of unlawful eviction from land, forests and waters should it acquire, cultivate or otherwise use land, forests and waters that serve as a person's livelihood. Rather, the supplier must obtain free, prior and informed consent (FPIC) from existing land users, for example as defined under the UN-REDD Programme, and provide adequate compensation when land use has been granted to the supplier.



15. ANIMAL WELFARE

Care must be taken to ensure that corporate activities also take animal welfare into account. For this reason, those suppliers which process animal products are expected to implement standards and best practice methods for compliance with animal welfare along the entire supply chain. We also expect our supplier to give preference to alternative methods that do not involve animal testing, unless animal testing is mandatory by law. The supplier must always comply with nationally and internationally applicable regulations on animal welfare and animal experiments, such as the German Animal Welfare Act or Directive 2010/63 of the European Union (so-called Animals in Science Directive). In addition, the Rhenus Automotive Group is committed to the following ethical principles and expects such commitment from the supplier and that it work towards compliance with them along the entire supply chain: The 3Rs principle on animal testing (Reduction, Refinement, Replacement), the Five Freedoms of the Farm Animal Welfare Committee (FAWC) on animal welfare assessment and the World Organisation for Animal Health (OIE) principles on animal welfare (Terrestrial Animal Health Code).



16. HANDLING CRITICAL RAW MATERIALS

It is the goal of the Rhenus Automotive Group to only use raw materials whose extraction, production, transport, trading, processing and export do not directly or indirectly contribute to human rights violations, health and safety problems, environmental pollution or compliance violations. The supplier must establish special due diligence processes in accordance with the „OECD Due Diligence Guidance for Responsible Supply Chains for Minerals from Conflict-Affected and High-Risk Areas“ for the following raw materials: Tin, tungsten, tantalum and gold (so-called 3TG metals) from conflict and high-risk areas (so-called CAHRAs) such as the Democratic Republic of Congo (DRC). The supplier is expected to exclude smelters or refiners of these raw materials that do not have an adequate and audited due diligence process. The supplier is required to provide Rhenus Automotive SE with information about its supply chain for these and, if applicable, other critical raw materials, including information about the origin of the material, e.g. via the Responsible Minerals Assurance Process (RMAP) of the Responsible Minerals Initiative (RMI). In addition to the 3TG metals, we focus our due diligence on the following raw materials or process materials with identified environmental and human rights risks during extraction and processing: aluminium, chromium, graphite, cobalt, leather, lithium, manganese, mica, natural rubber, nickel, metals from the platinum group, rare earths, steel, iron, zinc and copper. Where the supplier uses critical raw materials or process materials to manufacture its goods (e.g. components), the supplier is expected to also implement specific due diligence processes and activities to identify, prevent, minimise or eliminate these risks. The supplier should use verified sources to obtain its raw materials. We expect the supplier to use independent third party certification such as the Initiative for Responsible Mining Assurance (IRMA) standard for responsible mining.



17. IMPLEMENTATION OF CORPORATE DUE DILIGENCE

For the Rhenus Automotive Group, a commitment by its suppliers to fulfil their social and environmental responsibilities is a prerequisite for a fair business relationship. Thus, the supplier must align its business and purchasing activities with these principles and address them appropriately along its supply chain. The supplier is obliged to publish a (group) sustainability report. The supplier is expected to implement or to have established a due diligence process with appropriate measures to ensure that its suppliers and sub-suppliers in turn also comply with the standards and rules set out in this document. To promote the implementation of this Supplier Code of Conduct, we expect the supplier to take the following measures:

Risk management: We expect the supplier to implement an appropriate and effective management system for corporate duties of care for people and the environment in its organisation as well as at its direct suppliers. This includes, for example, contractual agreements, a supplier policy for sustainable procurement and audits. The supplier must communicate sustainability requirements in accordance with this Supplier Code of Conduct to its suppliers, which must cover at least the following topics: Prohibition of child labour; young workers; wages and benefits; working time; prohibition of modern slavery; freedom of association and collective bargaining; non-discrimination and harassment; women's rights; diversity, equality and inclusion; rights of minorities and indigenous peoples; land, forest and water rights and forced eviction; occupational safety; combating of corruption and money laundering; data protection and data security; financial responsibility; disclosure of information; fair competition and anti-trust laws; conflict of interest; plagiarism; product compliance and safety; intellectual property; export controls and economic sanctions; whistleblowing and protection against reprisals; greenhouse gas emissions reporting; energy efficiency; renewable energy; water quality, consumption and management; air quality; responsible chemicals management; sustainable resource management; waste prevention; biodiversity, land use and deforestation; soil quality. The supplier is obliged to communicate these requirements as part of the general terms and conditions. This should be done through supplier training and through a corresponding sustainability policy / code of conduct on the company website. The supplier is expected to provide risk-based training for its employees and suppliers.

Notice and remedy mechanisms Should the supplier become aware that requirements from the Supplier Code of Conduct have been violated in its own business area or in its supply chain, it must immediately take appropriate remedial action. The supplier shall immediately inform its contracting partner from the Rhenus Automotive Group about violations of the obligations arising from this standard or an official investigation in this regard, as well as if it becomes aware of corresponding processes with regard to its executive employees. In this regard, it is irrelevant whether these violations have become known in the business area of the supplier or in the supply chain.



IMPLEMENTING THE SUPPLIER CODE OF CONDUCT

Our efforts to fulfil due diligence obligations within the supplier network of the Rhenus Automotive Group are based on international standards and laws. We verify and implement compliance with the expectations and requirements defined in this Supplier Code of Conduct as follows: When appropriate, the Rhenus Automotive Group requires cooperation from the supplier and its sub-suppliers in order to ensure traceability and maximum transparency in relevant high-risk supply chains, if necessary down to the source of origin. Upon request, the supplier must provide the Rhenus Automotive Group with complete and truthful answers to questions regarding compliance with its obligations under this standard, including its measures as well as any violations and complaints. Upon request the supplier must also provide relevant documentation and name contact persons for any enquiries. This applies in particular to information that helps to identify critical parts in connection with the vehicle projects and to replace affected parts in accordance with technical, corporate and sustainability-related requirements. In order to check the supplier's compliance with the standards set out in this document, we use, for example, standardised self-disclosure questionnaires with order-relevant requirements as well as audits by auditors of the Rhenus Automotive Group or external third parties in accordance with the audit programmes and on-site inspections by sustainability experts from the Rhenus Automotive Group. The self-disclosure questionnaires and audits examine more extensive content than that specified in this Supplier Code of Conduct. The supplier must cooperate to the best of its ability in answering the self-disclosure questionnaire and in the audits. The Rhenus Automotive Group may request additional appropriate certificates from the supplier as proof. In the event of substantiated knowledge (event-related), we reserve the right to conduct risk analyses along the entire supply chain of the supplier.

REFERENCES

Animal Welfare Committee (AWC)

<https://www.gov.uk/government/groups/animal-welfare-committee-awc>

ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up

adopted by the International Labour Conference at its 6th Session, Geneva, 18 June 1998 (ILO Core Labour Standards).
https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---ilo-berlin/documents/normativeinstrument/wcms_193727.pdf

United Nations Declaration on the Rights of Indigenous Peoples

<https://www.un.org/Depts/german/gv-61/band3/ar61295.pdf>

EU Directive 2010/63

High Carbon Stock Approach (HCSA)

<http://highcarbonstock.org/>

High Conservation Value Resource Network (HCV)

<https://hcvnetwork.org/>

Initiative for Responsible Mining Assurance (IRMA)

<https://responsiblemining.net/>

ISO 14001 www.iso.org

ISO 45001 www.iso.org

OECD Due Diligence Guidance on Responsible Business Conduct

<https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>

OECD Due Diligence Guide to Promote Responsible Supply Chains for Minerals from Conflict and High-Risk Areas

<https://www.oecd.org/corporate/mne/mining.htm>

OECD Guidelines for Multinational Enterprises

<https://www.oecd.org/corporate/mne>

OIE Terrestrial Animal Health Code

<https://www.woah.org/en/what-we-do/standards/codes-and-manuals/terrestrial-code-online-access/>

The Paris Agreement (COP 21)

<https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

Responsible Minerals Assurance Process (RMAP)

Responsible Minerals Initiative

<http://www.responsiblemineralsinitiative.org/>

Animal Welfare Act

<https://www.gesetze-im-internet.de/tierschg/BJNR012770972.html>

UN Declaration on Human Rights

<https://www.ohchr.org/en/human-rights/universal-declaration/translations/german-deutsch?LangID=ger>

UN Global Compact

<https://unglobalcompact.org/>

UN Guiding Principles on Business and Human Rights

(Leitprinzipien für Wirtschaft und Menschenrechte)
https://www.globalcompact.de/migrated_files/wAssets/docs/Menschenrechte/Publikationen/leitprinzipien_fuer_wirtschaft_und_menschenrechte.pdf

UN-REDD Programm

<https://www.un-redd.org/>

Regulation (EC) No 1907/2006 of the European

Parliament and of the Council of 8 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

Legal notice

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