

# Code of Conduct for Suppliers

- Version 1.0 (2021 - 2022) -

1.	Environmental Responsibility .....	3
1.1.	Environmental Management System .....	3
1.2.	Reduction of CO <sub>2</sub> .....	4
1.3.	Materials Procurement.....	4
1.4.	Hazardous Materials Treatment .....	5
1.5.	Materials Disposal.....	6
1.6.	Biodiversity and Deforestation.....	6
2.	Social Responsibility.....	6
2.1.	Working Conditions and Remuneration .....	7
2.2.	Anti-harassment and Anti-discrimination.....	7
2.3.	Prevention of Forced Labor and Child Labor .....	7
2.4.	Freedom of Association and Collective Bargaining .....	7
2.5.	Employee Health and Safety.....	8
2.6.	Indigenous People .....	8
2.7.	Animal Welfare .....	8
3.	Corporate Ethics.....	9
3.1.	Prohibition of Corruption.....	9
3.2.	Fair Competition.....	10
3.3.	Data Protection.....	10
3.4.	Protection of Intellectual Property.....	10
4.	Laws and Regulations – General Compliance .....	10
5.	Compliance with this Code of Conduct .....	11
5.1.	Due Diligence .....	11
5.2.	Grievance Mechanism .....	11

## Our Mission

Our mission statement is guided by our company's vision and provides a framework, which not only reflects our goals, but also meets the relevant and legitimate requirements of our stakeholders. It describes our shared values and how we would like to work together – today and in the future. It gives us a clear, achievable goal to sustainably secure our success in the long term. Our values such as responsibility, integrity, reliability, innovation, sustainability, openness and transparency, as well as lawful and ethical conduct at all times play a particularly important role in the context of this Code of Conduct.

This Code of Conduct lays down principles for our suppliers in the areas of environmental management, social responsibility and business ethics. It is intended to ensure that our suppliers share the same values as our company and to strengthen our mutual understanding of sustainable and ethical business practices. The Code of Conduct not only sets forth laws and regulations we expect our suppliers to fully comply with, but also describes international best-practice Environmental, Social and Governance (ESG) standards we expect our suppliers to adhere to at all given times.

The principles described in this Code of Conduct will comprise an important component of our supplier evaluation and selection. Moreover, we expect our suppliers to replicate these standards further down the supply chain.

## 1. Environmental Responsibility

Sustainability and environmental protection are an integral part of our business and one of our key principles.

### 1.1. Environmental Management System

We expect our suppliers to comply with all national and international applicable environmental regulations and standards as well as to implement an effective and certified system to identify and eliminate potential hazards to the environment. Our suppliers shall operate an environmental

management system in accordance with EU Eco-Management and Audit Scheme (EMAS) or with ISO 14001 for a minimization of environmental impact and resource consumption.

Suppliers shall, upon request, provide the following information related to the total annual orders placed by pepper motion GmbH:

- Total energy consumption (MWh)
- Total water consumption (m3)
- Total wastewater (m3)
- Waste generated (metric tons)
- Waste recycled (metric tons)
- Data on CO<sub>2</sub> emissions (mtCO<sub>2</sub>e) required for us to calculate our Scope 3 emissions based on the Greenhouse Gas Protocol
- Data on raw material inputs required for us to conduct our product lifecycle analysis based on the Association of the Automotive Industry (Verband der Automobilindustrie or VDA) data collection format

Suppliers that are compliant with International Material Data System (IMDS) shall be placed in pepper motion GmbH's preferred supplier list.

Further, we expect our suppliers to adopt best practice and new process to address the environment as well as safety and health concerns.

## 1.2. Reduction of CO<sub>2</sub>

Our business model is based on sustainability, and we are fully committed to the so-called 'Paris Agreement' (COP 21). The reduction of CO<sub>2</sub> emissions within the whole lifecycle of our products is, therefore, one of our major sustainability targets. Against this background, we expect our suppliers to provide transparency on emissions data with regard to their operations (including upstream activity), e.g., via the CDP Supply Chain Program or Lifecycle Assessments (LCA). Further, our suppliers shall operate effective measures for the reduction of CO<sub>2</sub> emissions in accordance with the Paris Agreement.

## 1.3. Materials Procurement

Production, extraction, processing, transport, trade, and export of raw materials in the value chain may be connected to high ESG risks for the environment and for people. It is our goal to use raw materials, whose production, extraction, processing, transport, trade and export does not in any way contribute to environmental pollution, human rights abuses, health and safety issues or compliance breaches.

We expect our suppliers to establish processes according to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas regarding, *inter alia*, raw materials, such as tin, tungsten, tantalum, and gold (the so-called 3TG) from conflict-affected and high-risk areas (CAHRAs) and lithium, cobalt, copper and so on. Suppliers shall avoid using minerals that may contribute to human rights abuses, corruption, the financing of armed groups or a similar negative effect.

Suppliers and sub-suppliers shall, where relevant, comply with all applicable laws and regulations and resulting due diligence obligations with respect to procuring raw materials. Suppliers shall have systems in place to ensure raw materials are not procured through illegal, ethically objectionable, or unreasonable means.

Our suppliers shall avoid refiners and smelters without audited and adequate due diligence processes in place. The supply chain as well as information regarding the origin of the respective material shall be disclosed by suppliers upon our request, e.g., via the Responsible Minerals Assurance Process (RMAP) by the Responsible Minerals Initiative (RMI).

It is vital and a matter of principle that – wherever possible – raw materials are obtained from audited sources. Therefore, independent third-party assurance shall be used, e.g., the Standard for Responsible Mining by the Initiative for Responsible Mining Assurance (IRMA).

#### 1.4. Hazardous Materials Treatment

Suppliers shall, where relevant, comply with all applicable laws and regulations and resulting due diligence obligations with respect to handling hazardous substances, such as restrictions to use and obligations to register or notify chemical substances in the product and / or production processes as stipulated by statutory requirements applicable in the respective market. In particular, suppliers

working with hazardous substances must provide pepper motion GmbH with Material Safety Data Sheets (SDS). The form and content of the SDS are specified by Regulation 1907/2006/EC (REACH).

Moreover, suppliers must provide pepper motion GmbH with a Declaration of Conformity. The form and content of the Declaration of Conformity is specified by Directive 2011/65/EU (RoHS) as amended from time to time.

Suppliers shall, where relevant, ensure their goods are free from radioactivity, radioactive contamination, and ionizing radiation. Suppliers shall, upon request, conduct corresponding measurements and provide the results to pepper motion GmbH.

### 1.5. Materials Disposal

Suppliers and sub-suppliers shall, where relevant, comply with all applicable laws and regulations and resulting due diligence obligations with respect to disposing materials safely. Suppliers shall have systems in place to ensure safe handling, movement, storage, recycling, reuse, or management of waste, air emissions and wastewater discharges. Any waste, wastewater, or emissions with the potential to adversely impact human or environmental health must be appropriately managed, controlled, and treated prior to release into the environment.

### 1.6. Biodiversity and Deforestation

Our suppliers shall protect natural ecosystems and halt conversion, deforestation and forest degradation based on identification and management of natural forests and other natural ecosystems, using the guidelines of the High Conservation Value Resource Network (HCV) and the High Carbon Stock Approach (HCSA), where applicable. This includes any supply chain activity such as the production and processing of raw material.

## 2. Social Responsibility

pepper motion GmbH and its suppliers must comply with social responsibility standards towards employees and society. This includes the principles and rights as set out in the guidelines of the UN

Initiative “Global Compact” and the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up. Further, due diligence processes must be in line with the UN Guiding Principles on Business and Human Rights. Suppliers shall respect human dignity as well as internationally recognized human rights as further set out below.

## 2.1. Working Conditions and Remuneration

Suppliers shall adhere to all applicable international and national as well as local legal requirements or labour regulations, e.g., regarding working hours, including overtime and rest breaks, paid vacation, wages and benefits as well as work safety. Suppliers shall compensate its workers in accordance with the respective international, national, and local legal standards or the level of the national economic sectors / industries and regions.

## 2.2. Anti-harassment and Anti-discrimination

Suppliers shall promote an inclusive work environment that values the diversity of its employees. Suppliers shall be committed to equal opportunities and not discriminate or tolerate discrimination or harassment with respect to gender, ethnic and national origin, race, colour, religion, age, disability, sexual orientation and identity, or any other characteristic protected by law.

## 2.3. Prevention of Forced Labour and Child Labour

Suppliers shall not tolerate and use any form of forced, bonded, compulsory labour or modern forms of slavery (i.e. slavery, human trafficking or servitude). Suppliers shall not tolerate and use any form of child labour. All national legislation and international agreements that specify a minimum age for employees must be complied with.

## 2.4. Freedom of Association and Collective Bargaining

Suppliers shall recognise the rights of their employees to form associations or unions to represent their collective interests in accordance with the applicable international, national, or local legal legislation. Members of workers' organisations or trade unions shall not be favoured or disadvantaged.

## 2.5. Employee Health and Safety

Suppliers shall adhere to all applicable international, national, and local legal requirements (regulations and standards) regarding occupational health and safety. We expect suppliers to run an effective and certified health and safety management system in accordance with ISO 45001 or OHSAS 18001 or any equivalent system in order to minimize risks regarding health and safety and to improve working conditions. Therefore, suppliers shall implement measures to eliminate exposure to physical and chemical hazards, and to prevent work-related injuries and accidents.

## 2.6. Indigenous People

We respect the rights of indigenous people as well as local communities and expects our suppliers to do the same. Indigenous people and local communities shall be protected and promoted within the whole supply chain according to the UN Declaration on the Rights of Indigenous Peoples. We expect our suppliers to obtain Free Prior and Informed Consent (FPIC), as defined by the United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation (the UN-REDD Programme) from existing land users, to promote adequate compensation and not to engage in land grabbing.

## 2.7. Animal Welfare

Animal Welfare is an important factor to be considered in all corporate and business activities of pepper motion GmbH. Suppliers shall implement best-practice methods and standards to comply with animal welfare in the entire supply chain. As a rule, suppliers must avoid animal testing and shall favour alternative methods, unless animal testing is strictly required by applicable law.



Suppliers shall follow international, national, and local rules on animal protection and animal testing, such as the Directive 2010/63/EU or the German Animal Protection Law (*Tierschutzgesetz*, TierSchG). pepper motion GmbH expects its suppliers as well as sub-suppliers to respect the following ethical principles:

- The so-called “five freedoms” of the Animal Welfare Committee (AWC),
- the “3R” principle with regard to animal testing (i.e. reduction, refinement, replacement) and
- the standards for the improvement of animal health and welfare (OIE Terrestrial Animal Health Code).

### 3. Corporate Ethics

Lawful and responsible conduct is a vital and integral part of our company. Therefore, legal compliance is requested from all suppliers and sub-suppliers, in particular with regard to fraud and corruption prevention, anti-trust matters, data protection and privacy, taxation regulations as well as export controls. pepper motion GmbH expects its suppliers and sub-suppliers to implement and to operate an effective and adequate compliance management system in order to ensure legal compliance.

#### 3.1. Quality Management System

We expect our suppliers to implement and maintain a Quality Management System (QMS) suitable to the products and services they provide, e.g., in accordance with the ISO 9001. Suppliers shall promptly remedy any ascertained non-compliance and evaluate the measures put in place to address the same.

#### 3.2. Prohibition of Corruption

Suppliers shall not offer, provide, or accept anything of value to improperly influence an official act or to secure an improper advantage in order to obtain or retain business. Suppliers shall not engage in any form of corruption, bribery, extortion, theft, fraud, embezzlement, money laundering and must not tolerate any illegal payments with the objective to influence decision-making processes. In

particular, suppliers shall not offer, provide, or accept anything of value – neither directly, indirectly or through a third party – to secure an improper advantage in order to obtain or retain business.

### 3.3. Fair Competition

Suppliers shall adhere to the principle of fairness in competition and comply with applicable antitrust regulations. Suppliers shall not unlawfully restrict competition, abuse its dominant market position (if applicable), improperly exchange information concerning competition or participate in rigging bids.

### 3.4. Data Protection

Suppliers shall comply with applicable data protection regulations. Information from customers, consumers, employees, and other stakeholders must be processed, i.e. acquired, saved, collected, used, or shared in a manner that protects the security of the data.

### 3.5. Protection of Intellectual Property

Suppliers shall comply with applicable intellectual property rights regulations and ensure that all confidential information obtained in the course of business activities with pepper motion GmbH is not used without permission or disclosed to third parties.

## 4. Laws and Regulations – General Compliance

Suppliers shall adhere to all applicable legal requirements that are relevant in the context of a business relationship with pepper motion GmbH. If local laws at the company site of pepper motion GmbH or the respective supplier set out specific requirements, these requirements shall apply. In such case, this Code of Conduct shall supplement them.

## 5. Compliance with this Code of Conduct

### 5.1. Due Diligence

pepper motion GmbH observes supply chain due diligence in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct.

pepper motion GmbH reserves the right to check compliance with the requirements of this Code of Conduct, for example through self-assessments and audits either by pepper motion GmbH or a third party. The verification of the suppliers' compliance with rules and standards stipulated by this Code of Conduct may also be carried out by way of, inter alia, onsite assessments.

Such a due diligence process shall be implemented by the suppliers themselves in order to ensure compliance with the rules and standards of this Code of Conduct by their suppliers, contractors, and sub-contractors. This includes, without limitation, a supplier policy for sustainable procurement and audits as well as contractual agreements. **We require our suppliers to map and monitor their supply chain in order to identify, analyse and classify material ESG-risks and to take appropriate actions to effectively address these risks and to a considerable extent mitigate them, where possible.**

Suppliers and sub-suppliers shall – upon our request – collaborate to obtain the highest level of transparency in high-risk supply chains.

### 5.2. Grievance Mechanism

pepper motion GmbH has implemented a grievance mechanism, available under [compliance@peppermotion.com](mailto:compliance@peppermotion.com) in case of a (potential) violation against this Code of Conduct.

## Contact Compliance

E-Mail: [compliance@peppermotion.com](mailto:compliance@peppermotion.com)

## Legal Disclosure

Publisher:

pepper motion GmbH

Alemannenstraße 14

85095 Denkendorf, Germany

E-Mail: [contact@peppermotion.com](mailto:contact@peppermotion.com)

Tel: +49 (0) 8466 – 90 41 23 – 0

[www.peppermotion.com](http://www.peppermotion.com)