

# KOSTAL

## Code of Conduct for Suppliers & Business Partners



# Proof of Concept.



**KOSTAL CODE OF CONDUCT**  
Supplier & customer relations

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Code of Conduct  
for Suppliers &  
Business Partners



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## Introduction

For over 100 years, KOSTAL has been sustainably successful globally as a family-owned company. Our success is, of course, also based on our suppliers and business partners (hereinafter referred to as “supplier” or “suppliers”), who are an integral part of our activities and contribute significantly to our success.

KOSTAL would like to continue this successful cooperation in the future in order to secure, preserve and sustainably pass on the legacy that we as a family-owned company are very familiar with for the future.

It is particularly important for us to ensure that our suppliers are also aware of their social responsibility, face up to it and work together with us on the sustainability of our joint economic activities.

To create a viable future, we continuously drive the sustainability of products and solutions by placing economic success, social responsibility and environmental protection at the heart of our activities, enabling our customers to meet the current and future needs of society.

Accordingly, in addition to process-related, economic and technical criteria, our procurement activities also focus on social and ecological aspects such as human rights, working conditions, prevention of corruption, legal compliance and environmental protection.

KOSTAL expects its suppliers to comply with the applicable national laws and this KOSTAL Code of Conduct for suppliers and business partners in their activities and to observe the internationally recognised environmental, social and compliance standards.

Furthermore, KOSTAL expects suppliers to ensure that these standards are also implemented by their suppliers, subcontractors and affiliated companies.

Andreas Kostal  
Executive Director

Kai Knickmann  
Managing Director

Dr. Gregor Mark Schmeken  
Managing Director

## 1. Purpose

The aim of this Code of Conduct for suppliers and business partners is to define KOSTAL's minimum requirements for its suppliers in the areas described below.

This Code of Conduct for suppliers and business partners applies to all purchasing activities of KOSTAL worldwide, to all companies of the KOSTAL Group and is an integral part of the agreement between the supplier and KOSTAL.

## 2. Environment

The responsible, sustainable and careful use of the environment and natural resources is an indispensable part of all KOSTAL's activities. The supplier acknowledges this and assures that it will avoid negative effects on the environment in its activities with KOSTAL. To this end, the supplier acknowledges the following measures in particular:

### 2.1 Resource consumption and emissions

The consumption of water and other natural raw materials is effectively minimised. Measures to improve water quality and to reuse and recycle water are implemented. In order to avoid the greenhouse effect and improve air quality, emissions of climate-damaging gases and energy consumption as a whole are monitored, controlled and kept at the lowest possible level, and furthermore eliminated as far as possible. Priority is given to the use of renewable energies with the same security of supply.

### 2.2 Waste products and disposal

Waste products are reduced to a minimum in terms of the amount produced. Where possible, recyclable raw materials are used. The resulting waste is disposed of properly and recycled as far as possible.

## 2.3 Hazardous substances

The use of product ingredients and operating materials that pose a risk to people or the environment is avoided wherever possible. Any necessary disposal will be carried out in accordance with the statutory regulations. The safe handling, storage and use of hazardous substances is ensured at all times by an appropriate management system.

## 2.4 Product ingredients

All nationally applicable laws, regulations and transmitted customer specifications regarding the prohibition or restriction of specific ingredients must be complied with. This also includes the labelling obligation for recycling and disposal. The product compositions are to be reported (for example: IMDS or SCIP database).

## 2.5 Product safety and quality

On delivery, the products meet the contractually specified criteria in terms of quality and fulfil the requirements in terms of active and passive safety so that they can be used safely for their intended purpose.

## 3. Compliance and integrity

KOSTAL complies with the following high ethical requirements, responsibly fulfils its social obligations and acknowledges its social responsibility. KOSTAL suppliers also meet the following requirements:

### 3.1 Legal compliance

All relevant and applicable national and international laws, trade laws and customs as well as non-legislative standards and regulations are complied with.

### 3.2 Integrity

Corporate integrity is considered a foundation for all activities. In particular, there is a “zero tolerance” rule against bribery, corruption, extortion, fraud and embezzlement. All business processes are documented transparently and comprehensibly at all times.

### 3.3 Fair competition

Fair conduct towards competitors, customers and suppliers is ensured at all times when carrying out general business activities. Applicable regulations and laws are complied with in full and without exception.

### 3.4 Conflicts of interest

Business decisions are based exclusively on the objective factual situation. Personal interests have no influence on business actions and conflicts of interest are always avoided.

### 3.5 Corruption and bribery

Bribes or other means of obtaining an improper or inappropriate advantage are not to be offered, promised or accepted.

This also applies to offering gifts to private or public officials with the aim of influencing their decisions.

Any appearance of unlawful conduct shall be avoided.

### 3.6 Money laundering

The applicable national and international anti-money laundering laws and obligations are complied with.

### 3.7 Intellectual property

Intellectual property of third parties is respected and only used if the use has been permitted beforehand. Expertise not protected by industrial property rights or copyrights may only be used if there are no legal regulations to the contrary. For the manufacture of contractual products, the supplier shall only supply original products if their use has been approved by the rights holder. All forms of product piracy are prevented.

### 3.8 Export/import laws

Laws and agreements on the transfer of goods across national borders are followed at all times.

Sanctions imposed by countries or the European Union and the United Nations are respected and fully complied with, taking into account the applicable country-specific regulations.

### 3.9 Responsible sourcing of raw materials and minerals

Raw materials and conflict minerals, such as gold, tin, tungsten, cobalt and tantalum, are sourced exclusively from responsible and conflict-free sources throughout the supply chain. The Dodd-Frank Act and the corresponding regulation of the European Union and individual countries must be complied with. It must be ensured that related minerals only come from traceable and certified sources. In particular, minerals must not be sourced from high-risk smelters identified by name. Sources of supply should always be checked against the regularly updated list of Conflict Affected and High-Risk Areas (CAHRAs).

Upon request, suppliers provide their conflict minerals reports to enable KOSTAL to meet their own customer requirements.

## 4. Dealing with information

Information both about natural persons and internal business secrets and processes requires special protection, as violation can have significant adverse consequences in this case. Data integrity is guaranteed by KOSTAL and compliance with this is also ensured by the supplier:

### 4.1 Confidential data

Business data is only collected and processed to the extent necessary for the mutual business relationship. Data protection agreements and laws are complied with at all times. Falsifying records and misrepresenting, for example, conditions, processes or procedures in the supply chain are not permitted.

### 4.2 Intellectual property

Intellectual property, such as existing or pending patents, industrial property rights and expertise, shall be fully protected at all times. Intellectual property may only be transferred in compliance with applicable laws and agreements. The use of products, processes and similar that infringe such rights is avoided.

### 4.3 Personal data

In order to guarantee and safeguard the general personal rights guaranteed under fundamental law and in compliance with data protection laws, special requirements are placed on the processing of personal data. The publication, processing, storage and transfer of personal data is based exclusively on objective necessity resulting from the fulfilment of the mutual business relationship. Should this reason of purpose cease to apply, the corresponding data must be permanently deleted in accordance with the law.

#### 4.4 Accuracy of data

Data concerning the business relationship is collected in an auditable manner in accordance with agreements and the law and is free from any manipulation.

### 5. Working conditions and occupational health and safety

It goes without saying that KOSTAL respects human rights and treats all employees, including temporary and migrant workers, student assistants, contract workers and all other types of workers, with dignity and respect. KOSTAL complies with all protective laws, such as the German Due Diligence Act and the equivalent laws of the countries in which KOSTAL operates. The supplier acknowledges this and complies with the following regulations:

#### 5.1 No child labour

All kinds of child labour are prohibited and will not be tolerated.

#### 5.2 No discrimination

A culture of equal opportunities, mutual trust and mutual respect is essential. The promotion of equal opportunities and the prevention of discrimination in the recruitment of workers and in the promotion or granting of training and further education measures shall be enforced. All employees are to be treated equally, regardless of gender, age, skin colour, culture, ethnic origin, sexual identity, disability, religious affiliation or world view.

#### 5.3 Forced labour

All forms of child labour, forced labour and modern slavery are prohibited and their absence is ensured throughout the supply chain. The supplier warrants that its procurement processes are carried out exclusively in accordance with the applicable laws at all times and will provide KOSTAL with the necessary evidence upon request.

#### 5.4 Working time

The weekly working time may not exceed the maximum number of hours permitted by law in each case.

#### 5.5 Wages and social benefits

The right to adequate remuneration is recognised for all employees. Remuneration and other benefits are at least in line with the respective national and local legal standards or the level of the national economic sectors/industries and regions. Particular attention is paid to compliance with the minimum wage.

#### 5.6 Human dignity and treatment

Compliance with international human rights is a matter of course. Employees shall not be treated with particular severity or inhumanely. This includes sexual harassment, sexual abuse, physical restraint, physical or mental abuse and other reprisals and also applies to threats of such treatment.

## 5.7 Freedom of association

The granting of the right to form associations representing the rights and interests of employees in accordance with the applicable laws is guaranteed.

## 5.8 Health and safety

Legal health and safety regulations are complied with and ensured through the implementation of appropriate systems and processes.

Potential risks to the safety and health of employees are identified, assessed and eliminated through appropriate measures. If any risks are impossible to avoid, employees will be provided with suitable protective equipment. Employees are instructed in the correct use of protective equipment and the application of safety measures.

## Contact information:

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# KOSTAL

## Values

## Our values



We have our feet on the ground.



We are decent.



We make it easy.



We do things with feeling.



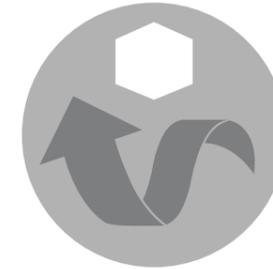
We do what is necessary.



We form a bond and the bond is binding.



We encourage people to achieve what we expect.



We are moved by what we do and aim to move others.



What we do, we do with conviction.



We shape the future today.

## Legal notice

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