

Adler Pelzer Group

Code of Conduct for Suppliers



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Foreword

Dear suppliers,

the Adler Pelzer Group's goal is to be a global leader and sustainable supplier in the design, engineering and manufacturing of acoustic and thermal components and systems for the automotive sector.

We believe that we can only achieve this by anchoring due diligence obligations in our daily business operations and by working with suppliers who share these values.

The following Code of Conduct define requirements and expectations regarding the Suppliers in their corporate sustainability activities.

These sustainability requirements for suppliers are based on national and international laws and conventions, such as the principles of:

- the United Nations Global Compact;
- the International Chamber of Commerce's Business Charter for Sustainable Development;
- the OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles for Sustainable Development;
- and the UN Environment Programme;
- Business Charter for Sustainable Development of the International Chamber of Commerce
- OECD Guidelines for Multinational

Enterprises;

- UN Guiding Principles on Business and Human Rights and relevant;
- International Labour Organization (ILO) conventions and the Supply Chain Sustainability Guidelines issued under the Drive Sustainability initiative.

In addition, sustainability requirements are also based on internal standards and values such as:

- Environmental Guidelines
- Code of Business Conduct

We are constantly working to ensure compliance with these standards throughout the supply chain.

We want to conduct business in a responsible manner and in compliance with applicable laws and regulations. Our Suppliers play an integral role in our sustainability journey, and we will never succeed without our partners and suppliers in the supply chain, so we need everyone's full commitment. Suppliers must be fully committed to supporting us on our sustainability journey.

Hagen, May 2023



1. Social Responsibility and Protection of Human Rights

Adler Pelzer Group Suppliers are required to respect human rights and prevent any violation in the entire supply chain.

Suppliers must ensure that they do not commit and will not engage in any human rights violations, and also expect their tier suppliers to guarantee protection when necessary. In this regard Adler Pelzer Group expects suppliers to comply with the principles and rights set forth in the guidelines of the UN Initiative 'Global Compact' and the 'ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up' and to align their due diligence process with the requirements of the 'Guiding Principles on Business and Human Rights' by the United Nations.

1.1 Child Labor

APG does not tolerate any form of child labour in our supply chain. We are committed to the elimination of the “worst forms of child labour,” as defined by ILO Convention 138 & 182. APG expects our Suppliers to prevent child labour in their operations and encourages our Suppliers to participate in industry efforts aimed at the elimination of such practices wherever they exist in the supply chain.

- No individuals are hired under 15 years of age, or 14 years of age where local law allows, and such exception is consistent with ILO Convention No. 138 & 182, or under the legal minimum age for employment in the country, whichever is greatest.
- Any employment of workers under the age of 18 does not interfere with schooling or vocational education or expose children to risks that can harm physical, mental or emotional development.

1.2 Modern Slavery and Forced Labour

Adler Pelzer Group does not tolerate any form of forced or compulsory labour. The supplier shall ensure that there is no forced labour, as well as safeguard that no other forms of modern slavery in the sense of servitude and work performed under duress or human trafficking are tolerated.

In specific terms, this includes:

- labour or service required of a person under threat of punishment and for which he or she has not volunteered (ILO 29), and
- all forms of slavery, slave-like practices (e.g. demanding excessive fees and withholding documents), servitude, or other forms of domination or oppression (e.g. debt bondage and use of force) in the workplace environment, such as through extreme economic or sexual exploitation or humiliation.



1.3 Freedom of Association and Right to Collective Bargaining

APG respects the rights of employees to freedom of association and collective bargaining across its operations and supply chain.

- Workers have the right to form, join or not join trade unions or other organizations of their choosing and collectively bargain without fear of discrimination, retaliation, harassment or intimidation.
- In cases where freedom of association is restricted by local law, alternative means of freedom of association will not be obstructed.

1.4 No discrimination and no harassment

Adler Pelzer Group Suppliers shall refrain from any discrimination in their organization based on for example gender, age, ethnic origin, disability, nationality, religion, memberships, affiliation and political views or sexual orientation, skin colour, physical or mental limitations, marital status, pregnancy. Hiring and employment decisions, including those relating to compensation, benefits, promotion, training and development, discipline, and termination are based solely on the worker's skill, ability, experience and performance.

Suppliers agree to provide a work environment free from harassment.

Suppliers will not tolerate humiliating or physical punishment or allow any employee to be subjected to verbal, psychological, physical or sexual harassment or abuse. All workers will be treated with dignity and respect and will not be subject to any form of unethical treatment, threats of violence, or other forms of physical, mental, or sexual harassment.

1.5 Working hours, wages and benefits

APG is committed to upholding applicable laws and collective bargaining agreements regarding working hours, wages and benefits for individuals employed throughout the supply chain. We encourage our Suppliers to work toward paying a wage that is sufficient for workers to meet their basic needs and provide some discretionary income.

- Wages and benefits are paid on time and at least equal to the applicable legal minimum wage and any associated statutory benefits.
- Working hours reflect applicable legal norms and overtime hours are paid at the legally mandated premium or in line with the guidance provided by ILO Convention 1 (the rate of pay for overtime shall not be less than one-and-one-quarter times the regular rate) if there is no mandated premium.

- Suppliers shall ensure that work schedules and rest periods are consistent with applicable local legal requirements. Work hours and schedules should not be excessive and negatively impact employees' health or safety.
- Temporary labour arrangements, including the excessive use of fixed-term contracts, labour-only contracting, sub- contracting, home-working or apprenticeship schemes, are not be used to avoid obligations to workers under labour or social security laws and regulations.

1.6 Health and Safety

Adler Pelzer Group Suppliers are required to ensure healthy and safe workplace environment.

Adler Pelzer Group Suppliers are required to establish and maintain safe and healthy working conditions to their employees and any other person operating in their facilities, in accordance with laws and applicable standards. Special attention is given to the protection of the employees against chemical, biological and physical hazards. The Suppliers are required to identify and monitor potential hazards. Based on this, appropriate preventive actions must be taken.

Adler Pelzer Group Supplier employees should receive clear information on any identified risks and be educated about established contingency plans and the procedures to be followed in emergency situations. Safety trainings shall be performed to all employees on regular basis to improve hazards prevention.

At each stage of product manufacture, storage, shipment and sale, Adler Pelzer Group Suppliers shall comply with the applicable laws, international standards and regulations. All activities at Supplier that may impact the Adler Pelzer Group product quality and safety are subject to special control and restrictions. It is required that each Supplier will appoint Product Safety & Responsibility Officer (PSCR) whom will be the first contact in case of product safety related issues.

1.7 Rights of Minorities and Indigenous Peoples

Adler Pelzer Group respects applicable local, national, international, and traditional rights concerning land, water, and resources. In particular, the rights of indigenous peoples and local communities shall be respected, promoted and protected throughout the supply chain in accordance with the 'UN Declaration on the Rights of Indigenous Peoples'.

The Supplier assures to respect the rights of local communities and indigenous peoples who may be affected by doing business in the Partners locations and to take into account the local impact of its business activities.

In particular, the Supplier must avoid potential adverse impacts on the health, safety, and living conditions of the affected local communities and indigenous peoples by taking appropriate preventive measures. The Supplier must neither unlawfully engage in the forced relocation of local communities and indigenous peoples nor unlawfully contribute to their involuntary relocation.

1.8 Use of Private or Public Security Forces

If the Supplier uses its own security forces to protect its Operations or commissions private security service providers, it must warrant that they respect internationally recognized human rights. The Supplier may not contract private security staff or use public security forces that fail to respect human rights.

1.9 Animal Welfare

Adler Pelzer Group wants to make sure that the supplier has animal welfare in mind in its business operations. We expect suppliers who process animal product to implement standards of practice to ensure compliance with animal welfare throughout the supply chain. We also expect our suppliers to prefer alternative methods that do not involve animal testing, unless required by law. In any case, the supplier should comply with national and international regulations on animal protection and animal testing, such as the German Animal Welfare Act (TierSchG) or EU Directive 2010/63.

Adler Pelzer Group is committed to the following ethical principles and expects that suppliers will do likewise and work to ensure their compliance throughout the supply chain:

- a. The Five Freedoms of the British Animal Welfare Committee (AWC) to assess animal welfare (freedom from hunger, thirst, and malnutrition, freedom from discomfort, freedom from pain, injury, and disease, freedom from fear and distress, and the freedom to express normal behaviour).
- b. The standards of the World Organization for Animal Health (OIE) on animal welfare (Terrestrial Animal Health Code and Aquatic Animal Health Code).
- c. The 3R principles for animal testing (Reduction, Refinement, Replacement). The goal of the 3R principle is to completely avoid animal testing altogether (Replacement) and to limit the number of animals (Reduction) and their suffering (Refinement) in tests to the minimum necessary.

2. Environmental Protection

Adler Pelzer Group takes responsibility for continuously improving the environmental friendliness of its products. Environmental responsibility means protecting nature's limited resources.

The Adler Pelzer Group expects its Suppliers to reduce their environmental impact by protecting the environment, conserving natural resources and continuously striving to reduce the environmental foot-print of their production, products and services throughout their life cycle.

Suppliers must comply with all national and international environmental standards in all countries in which they operate.

The Adler Pelzer Group also expects the supplier to refrain from harmful soil amendments, water and air pollution, harmful noise emissions and excessive water consumption that significantly degrade the natural basis for growing and producing food prevent people from accessing safe drinking water, hinder or prevent access to drinking water, hinder or prevent access to sanitation, or are harmful to health.

The supplier should also constantly strive to reduce pollution, waste, noise emissions as well as environmental hazards by minimizing the use of resources such as energy, water, primary raw materials.

2.1 Environmental Management Systems

Environmentally-oriented management is one of the main goals at Adler Pelzer Group, so we expect suppliers to have an appropriate environmental management system.

The supplier must regularly review its environmental management system and ensure that opportunities and risks, ambitions and goals are updated.

The supplier should strive to obtain ISO 14001 or EMAS certification for this environmental management system.

2.2 Decarbonization/Greenhouse Gas Emissions

Adler Pelzer Group expects suppliers to improve the environmental performance of products and set targets and monitor greenhouse gas emissions.

Suppliers should address environmental challenges with due diligence to support the development and dissemination of environmentally friendly technologies.

The Supplier must develop suitable corporate goals for its scope 1, 2 and 3 emissions and take measures to help achieve the goals of the Paris Agreement. The Supplier must regularly monitor and report on its progress, especially with regard to its CO2 footprint at the product level.

In order to reduce its CO2 emissions, the Supplier must follow the principle of avoidance, reduction, and - only when this is not possible - off-setting, and neutralization.

2.3 Sustainable and renewable resource

The Supplier must use natural resources, such as water, and technical resources, such as input raw materials and energy, in a conscious and as economical manner as possible in its sourcing and production processes, i.e., the Supplier must use efficient and technologically innovative solutions for the use of energy raw materials, production raw materials and water in its product sourcing and production processes.

The supplier will monitor, track and document its consumption of natural resources, such as water and raw materials, as well as energy sources, to be able to identify aspects that the Supplier can control and influence Support opportunities for improving and minimizing consumption.

Consumption should be monitored, tracked and documented at both the and corporate levels and provided to Adler Pelzer Group upon request.

The supplier must establish a system to minimize energy waste, improve energy efficiency and reduce energy consumption.

The partner must have a goal of transitioning to renewable energy sources, including regular reporting of energy consumption and emissions.

2.4 Biodiversity, Land Use & Deforestation

The Partner must ensure that its own business activities do not contribute to or benefit from the illegal conversion of natural ecosystems. This also applies to illegal deforestation, which mainly refers to the conversion of natural forests into usable areas. The Partner must also perform corresponding due diligence with regard to its supply chain.

If the value chains for its products involve the risk of the conversion of natural forests or other natural ecosystems, the Partner must perform due diligence measures to support the long-term protection of these natural ecosystems, including the protection of natural and cultural assets.

2.5 Handling Hazardous Materials and Waste

Adler Pelzer Group is aware of the risks associated with the use of hazardous materials, chemicals and substances and fulfils its responsibility to prevent, minimize and eliminate these risks and protect soil quality.

We expect suppliers to be committed to protecting and preserving the health of the soil by establishing processes that take into account environmental and health and safety issues.

Suppliers will label all hazardous materials, chemicals and substances in accordance with applicable regulations and ensure that they are handled, transported and stored safely. They will also ensure that such materials are reused, recycled or disposed of properly and they comply with provisions under national and international laws relating to hazardous materials, chemicals and substances that apply to your business location and/or market (e.g., European Regulation (EC) No. 1907/2006 (REACH)).

2.6 Noise Emissions

The Supplier should be committed to noise reduction and the goal of minimizing noise emissions from its manufacturing facilities. They should conduct regular noise level monitoring and audits to ensure maximum permissible noise levels are not being violated for day/night and in industrial/residential areas. The goal of this policy is to promote a healthier and more comfortable work environment while also allowing for economic development and growth.

2.7 Responsible Sourcing of Raw Materials

The supplier accepts the responsibility not to commit or contribute to serious human rights violations, including torture, cruel, inhuman and degrading treatment, including corporal punishment, sexual violence, war crimes and crimes against humanity. Suppliers of raw materials that originate in conflict-affected and high-risk areas or are transported through conflict-affected areas, as well as suppliers that use such raw materials in their products, must effectively fulfil their due diligence obligations in the supply chain to minimize the risk of actual and potential negative impacts throughout the supply chain. They must establish policies that outline how they systematically identify and prioritize risks and initiate countermeasures.

The supplier should establish specific due diligence processes in accordance with the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas" for the following raw materials: tin, tungsten, tantalum, and gold (known as 3TG) from Conflict-Affected and High-Risk Areas (CAHRA), such as those in the Democratic Republic of Congo (DRC).

We expect the supplier to exclude smelters or refiners of these raw materials that do not have an adequate and audited due diligence process.

Suppliers of 3TG3 (tin, tantalum, tungsten and gold) and suppliers that use these raw materials in their products must identify and disclose all smelters and refiners in their supply chains and assess whether they have conducted an OECD-compliant due diligence process. In doing so, suppliers must, at a minimum, follow established procedures such as the Responsible Minerals Assurance Process (RMAP). The supplier must ensure that it purchases these materials only from refineries and smelters that meet the Responsible Minerals Assurance Process (RMAP) requirements of the Responsible Minerals Initiative (RMI) before production begins.

As proof, such suppliers provide the Conflict Minerals Reporting Template (CMRT) annually no later than March 1. If the smelter or refinery used does not meet the required standard, Adler Pelzer Group may re-quire the partner to remove refineries and smelters that are not RMAP compliant from Adler Pelzer Group's supply chains in the long term.

In addition to the 3TG, we also encourage our suppliers our to focused on the following raw materials / process materials with identified risks to the environment and human rights in their extraction and processing:

Aluminum Leather Nickel Chromium Lithium Platinum group metals Graphite
Manganese Rare earth Cobalt Mica Steel / iron Copper Natural rubber Zinc.

3. Business Ethics

Adler Pelzer suppliers are required to conduct their business in a manner that complies with laws and regulations in their own business operations and in their business relationships with suppliers locally, nationally and internationally. A supplier shall not actively engage or participate in criminal practices in any country or in any form, directly or indirectly.

Suppliers are required to follow generally accepted business standards such as fair competition, protection and nondisclosure of information considered as confidential, respecting intellectual property, economic rights and other regulations specific for business activities with Adler Pelzer.

3.1 Corruption, bribery and extortion

Adler Pelzer Group does not tolerate corrupt practices and takes action against such practices. We require our suppliers to reject and prevent all forms of corruption, bribery, including so-called facilitation payments (payments to speed up the performance of routine tasks by officials).

The Suppliers are forbidden to give or offer any gifts of money or its equivalent to the Adler Pelzer Group employees. It is only allowed to give small business gifts permitted by the applicable laws and standard practice and only where such gifts are occasional and don't result in any commitments.

3.2 Conflict of Interests

Adler Pelzer Group Suppliers must prevent and avoid any situations leading to a conflict of interest in the process of applying for cooperation. It applies to all relationships established between Supplier representatives and Adler Pelzer Group representatives who are related due to an affinity, personal relationship. In order to avoid such situations Supplier is required to officially inform about any relations which could lead to a conflict of interest.

3.3 Money Laundering

Suppliers must ensure compliance with applicable anti-money laundering laws.

3.4 Import and export controls

Suppliers are required to strictly comply with all applicable regulations on the import and export of goods, services and information. In addition, they comply with sanction list.

3.5 Fair Competition

Supplier shall comply with all applicable fair trade, competition and antitrust laws and regulations and shall not engage in any anti-competitive, including illegal collusive pricing, market sharing, customer allocation or other illegal restrictive practices at any level of the production or distribution chain.

Suppliers must ensure that there is no exchange of competitively sensitive information or any other behaviour that restricts or has the potential to restrict competition inappropriately.

3.6 Data protection and data security

The Supplier must comply with all applicable laws and regulations concerning data protection and data security and handle data responsibly and transparently.

Whenever information about individuals is entrusted to the Supplier, the Supplier shall safeguard it and take appropriate steps to protect it from misuse. All applicable data privacy laws, as well as the terms and conditions of the contract with Adler Pelzer Group, must be complied with when collecting, storing, using, processing or sharing personal information about individuals.

The Suppliers must use and protect all information in an appropriate manner and obligate their employees to maintain trade secrets.

Confidential content must not be published, transferred to third parties or made available in any other form without the necessary authorization.

Processing of all personal information regarding employees, customers and partners.

The supplier should strive to obtain TISAX for Information Security Management System.

3.7 Counterfeit Parts

The Partner is prohibited from using counterfeit parts in any of the products they supply. They must implement quality control measures that prevent the use of counterfeit parts by conducting regular inspections and tests on parts and materials, ensuring that all suppliers in their supply chain are using genuine products.

Partners are required to promptly report any incidents of counterfeit parts or materials to Adler Pelzer Group and work to identify and re-move any affected products.

3.8 Intellectual Property

The Partner must comply with all applicable national and international laws concerning the protection of intellectual property. Intellectual property includes registrable intellectual property rights (for example, patents, trademarks, and designs), domains, copyrights, and requirements under competition law. The Partner must also take care to ensure that it holds all the necessary rights of use to avoid infringements of intellectual property right.

3.9 Keep Accurate Records

The Supplier is expected to create accurate records, and not alter any record entry to conceal or misrepresent the underlying transaction represented by it. All records, regardless of format, made or received as evidence of a business transaction must fully and accurately represent the transaction or event being documented. Records should be retained based on the applicable retention requirements.

4. Implementation of sustainability requirements

Adler Pelzer Group believes that meeting social and environmental obligations is a necessary condition for doing business as well as entering into a business relationship. Accordingly, the supplier should meet all the requirements described above and apply them throughout the supply chain.

We require all Suppliers and business partners to comply with this Supplier Code. “Suppliers” refers to any third party that provides goods or services to APG for compensation including, but not limited to, our direct and indirect Suppliers, co-manufacturers and co-packers, labour providers, logistic providers, distributors and licensees including their parent, subsidiary or affiliate entities. Sub-contractors and sub-suppliers of Suppliers are also expected to adhere to the Supplier Code. We expect our Suppliers and business partners to communicate these expectations throughout their supply chain by adopting efficient management systems, policies, procedures and training to uphold the standards and expectations set forth in this Supplier Code within their own business operations. We require our Suppliers to abide by all applicable national, state and local laws/regulations in the markets where they operate; however, where local laws or standards differ from this Supplier Code, we expect our Suppliers to comply with the more stringent standards and principles.

In the spirit of continuous improvement, APG is committed to working with and supporting our Suppliers to meet, and when possible, exceed, the requirements in this Supplier Code.

By its acceptance of any purchase order from The APG Company, the Supplier acknowledges its acceptance of the Supplier Code and intention to comply with its requirements.

5. Compliance verification by Adler Pelzer Group

Adler Pelzer Group reserves the right to verify compliance with the requirements described in this Code of Conduct through appropriate means.

Verification may take the form of questionnaires or may include an on-site audit by experts.

Such an audit shall be conducted only after prior notification and in the presence of the supplier's representatives and in accordance with applicable laws.

6. Whistleblowing system/Grievance mechanisms

APG expects Suppliers to provide whistleblowing system/grievance mechanisms that are:

- transparent,
- responsive,
- anonymous,
- unbiased and confidential to workers and other parties across the value chain.

Workers know of and have access to whistleblowing system/grievance mechanisms which allow for anonymous reporting. Reported concerns and violations are addressed in a timely manner and follow a clearly outlined process.

Workers who speak up in good faith are protected from retribution, retaliation and reprisal.

The APG Company is notified if any concerns or violations are reported through the grievance mechanism that are in direct violation of this Supplier Code.

