

# Code of Conduct for Suppliers and Service Providers

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**HS Products Engineering GmbH**

[www.hsp-engineering.de](http://www.hsp-engineering.de)

Code of Conduct Suppliers and Service Providers  
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## 1 PREAMBLE

HS Products Engineering GmbH (short "HSPE") has defined a code of conduct for suppliers and service providers (short "CoC Suppliers") as a standard for ethical behavior in business life, mutual respect, honesty and fairness in daily dealings with suppliers, service providers and related parties business partners (short "Suppliers"). HSPE is also committed to responsible and sustainable development, production and distribution of products and services. This builds trust in customers, in society and in suppliers.

HSPE uses its business to create a better tomorrow by developing innovative products and services and ensuring widespread access to them, providing a rewarding place to work, being a trusted partner and supporting the communities in which HSPE operates.

## 2 BASICS

### 2.1 PURPOSE

The aim of the CoC Suppliers is to define minimum sustainability requirements for HSPE suppliers and service providers. These include the areas:

- Human rights & working conditions.
- Environmental protection & awareness raising.
- Responsible sourcing of raw materials.
- Business Integrity.

The CoC Suppliers is based on the HSPE Code of Conduct as well as all current and future national and international laws, regulations, conventions and standards (collectively "Laws") and any such amendments to these laws enacted in the context of the HSPE Code of Conduct or yet to be enacted. Suppliers and service providers are required to comply with all current and future applicable federal, state, local, national, international and foreign laws. This continues to apply both at national and at all foreign levels.

The Suppliers shall maintain the highest level of integrity and act honestly and fairly at all times in all its business dealings and relationships and shall disclose details of its business operations upon request by HSPE.

### 2.2 SCOPE OF APPLICATION

The CoC Suppliers applies to all purchasing activities of HSPE worldwide and is an integral part of the agreement between the Suppliers and HSPE.

### 2.3 DEFINITIONS

HSPE includes HS Products Engineering GmbH and affiliated companies, which are controlled or is part of the HSPE Group. Control within the meaning of the preceding sentence is the direct or indirect possession of a majority of the shares or voting rights and/or the ability to determine financial and operating policies.

### **3 HSPEs EXPECTATIONS of SUPPLIERS**

#### **GENERAL REQUIREMENTS**

- The Suppliers shall comply with all requirements of the CoC Suppliers.
- Suppliers shall endeavor to ensure that all requirements of this CoC Suppliers are met by its own sub-suppliers and any of its own operations or affiliates.
- The suppliers and service providers are obliged to work honestly and transparently with facts and data in relation to the requirements presented. HSPE aims to have an open dialogue about performance, trends and opportunities for improvement in the areas outlined in the CoC Suppliers. Production, product and transport environmental data should be available upon request to enable HSPE to conduct environmental impact assessments.
- The Suppliers will have an officer responsible for ensuring compliance with the areas mentioned in the CoC Suppliers.
- The Suppliers have its own code of conduct that shows its employees how to behave and act properly in line with the CoC Suppliers.
- The Suppliers acts proactively to adequately manage the risk of non-compliance, whether at its facilities or in its supply chains.
- The Suppliers will implement appropriate grievance channels and corrective mechanisms, which will be made available to all employees and third parties to raise concerns or complaints, as well as recommendations and suggestions for improvement of the supplier's operations, without fear of retaliation.

#### **Management System**

The Suppliers will establish and maintain an appropriate management system to oversee all elements of this CoC Suppliers. The system must be able to continuously identify potential risks and provide information about them, as well as track countermeasures that have been initiated, including success monitoring. This management system must be continuously reviewed, monitored and improved, preferably through third-party certification.

#### **Legal Compliance**

Fundamental to all areas of the CoC Suppliers and the basis for all dealings within HSPE, HSPE requires its Suppliers to be aware of and comply with all applicable laws and regulations and contractual terms agreed with HSPE. In particular, the laws to combat corruption and money laundering, competition and antitrust law, export control laws and tax law must be observed. All legally required approvals, permits, licenses, registrations and related reports must be in place, current and available upon request.

Where local laws and regulations are less restrictive, the principles of this CoC Suppliers still apply. Where a requirement is covered by both this CoC Suppliers and applicable law and/or an agreement with HSPE, the stricter rule with the greatest protection applies. Where there is a direct conflict between local law and the principles contained in this CoC Suppliers, local law will prevail.

#### **Continuous Improvement**

HSPE believes in continuous improvement and recognizes that the implementation of the standards of this CoC Suppliers into Suppliers operations and supply chains is a dynamic rather than a static process. The Suppliers should therefore also implement a continuous improvement system to be able to demonstrate progress in all areas covered by this CoC Suppliers.

## **Implementation and Compliance**

The sustainability performance as described in this CoC Suppliers is an important indicator for the qualification and evaluation of HSPE Suppliers. Acceptance of this CoC Suppliers is a prerequisite for working with HSPE. HSPE verifies compliance with the requirements of this CoC Supplierst through Supplier Self-Assessment Questionnaires ("SAQ") and reserves the right to conduct on-site audits at any time. This can be done either by employees of HSPE or by an independent third party commissioned by HSPE.

## **4 HUMAN RIGHTS & LABOR CONDITIONS**

HSPE firmly believes that employees are any company's most important resource and that respect for human rights is the foundation of any successful business. HSPE Suppliers respect all internationally recognized human rights and treat all people with dignity. In particular, Suppliers shall be aware of and respect the rights of indigenous peoples, the most vulnerable including but not limited to migrant workers, women, children and the disabled, and local communities in relation to the supplier's activities and operations.

HSPE expects its Suppliers to apply human rights due diligence to identify, prevent, mitigate and address human rights abuses in their own operations as well as in their supply chains. In doing so, they should focus on areas with the greatest risks of harm to people, taking into account company size and circumstances.

### **Child Labor**

HSPE does not tolerate child labor and suppliers shall prevent any form of child labor. The minimum working age is the age of completion of mainstream education, subject to local law. But no less than 15 years. Children under the age of 18 shall not be subjected to any work that is likely to harm, in particular, the physical or mental health, safety or morals of such children. The Suppliers are also encouraged to have adequate policies, risk awareness, risk assessment and review processes in place to prevent child labor throughout its supply chain.

### **Working Conditions & Working Hours**

The Suppliers are obliged to comply with applicable laws and collective agreements at all times. This includes, where applicable, rules on working hours and rest periods, including overtime, as well as annual, sick and parental leave and any other applicable holiday rules. The Suppliers are required to comply with the International Labor Organization (ILO) standards for working hours and holidays.

### **Health & Safety**

The Suppliers provide employees with a safe and healthy work environment that minimizes the number of work-related injuries and improves the quality of products and services, the consistency of production, employee retention and morale. This applies to the Suppliers production facilities and offices, but also to any accommodation provided by it, such as dormitories, as well as to all types of transport that a supplier makes available to its employees.

Suppliers shall ensure that potential exposure of its employees to safety hazards such as machinery, equipment, substances or other chemical, biological or physical agents, through appropriate design and/or preventive maintenance and safe work practices are identified, assessed and controlled. Safety information must be made available to all employees in order to educate, train and protect them from safety risks. The fire protection measures must be checked regularly and approved by the local authorities.

### **Forced Labor & Modern Slavery**

HSPE does not tolerate any form of forced labor or modern slavery, including but not limited to forced, bonded and compulsory labor and human trafficking. Consequently, the Suppliers, including its recruiters, shall not engage in or condone any movement restrictions, excessive recruitment fees, confiscation of identification

documents and/or passports, withholding of wages, abusive working conditions, debt bondage, violence or any other form of exploitation or abuse.

### **Wages & Benefits**

The Suppliers are obliged to always pay and provide the wages and benefits of its employees, which at least correspond to the applicable laws and collective agreements. The Suppliers shall provide its employees with information about their working conditions, including benefits, in a form and language they can easily understand, such as a written employment contract and a timely wage confirmation.

### **Non-Discrimination & Fair Treatment**

Suppliers shall treat every employee with dignity and respect and provide equal employment opportunities and conditions commensurate with the individual's ability to do the job, regardless of the following characteristics of the employee or applicant, including but not limited to:

- Gender, gender identity or expression.
- Age.
- Nationality, race, ethnicity, color or cultural background.
- Religion or belief.
- Information about disabilities, genetics or health including pregnancy.
- Sexual orientation.
- Union membership.

Suppliers shall not tolerate degrading or physical punishment and shall not allow employees to be subjected to verbal, psychological, physical, sexual harassment or abuse.

### **Social Responsibility**

HSPE attaches great importance to the social commitment of its employees in associations or organizations. HSPE expects its suppliers to also enable such social activities for their employees.

## **5 ENVIRONMENTALLY AWARENESS**

HSPE expects its Suppliers to reduce their negative environmental impact by protecting the environment, conserving natural resources and continually striving to reduce the environmental footprint of their production, products and services throughout their life cycle. The Suppliers are expected to deal with environmental violations and complaints in a methodical manner and to escalate these to affected employees, including external stakeholders, including HSPE, as appropriate.

### **Resource Efficiency & Energy Consumption**

Suppliers will monitor, track and document its use of natural resources such as water, raw materials or energy sources to identify opportunities that Suppliers can control and influence to encourage improvements and minimized consumption.

### **Emissions & Waste Management**

Suppliers will monitor, track and document its emissions to air, water and soil from its facilities and transportation, as well as effluent and solid waste generated by its operations, to identify opportunities that Suppliers can control and influence to improve and minimize encourage emissions.

The Suppliers monitors, tracks and documents the composition of its packaging materials that become waste at HSPE in order to facilitate steps towards circular economy, e.g. by using low-complexity materials and/or raw materials for which locally established recycling markets exist.

## **6 RESPONSIBLE SOURCING OF RAW MATERIALS**

HSPE believes that mining and trading in minerals and raw materials can generate income, growth and prosperity, secure livelihoods and promote local development. However, HSPE also recognizes the risks of contributing to adverse impacts such as human rights violations and conflict through improper mining. The Suppliers shall respect all internationally recognized human rights and engage in responsible supply chain management for all materials critical to the industries in which HSPE operates, particularly all materials from conflict-affected and vulnerable mining areas.

### **Responsible Sourcing**

Suppliers shall, in the procurement, extraction, and handling of tantalum, tin, tungsten, gold ("3TG"), cobalt, or any other material or derivative classified by the U.S. State Department or other recognized national or international institutions, such as the OECD Due Diligence Guidelines, to conduct appropriate assessments. The Suppliers shall also make a reliable determination of the provenance and sources of these minerals. The Suppliers must be able to disclose the supply chain mapping up to the primary origin related to the products or services provided to HSPE, its subsidiaries and affiliates for products containing a conflict mineral. Suppliers are required to conduct appropriate supply chain verification to ensure conflict minerals are sourced from mines and smelters located outside of conflict regions. Suppliers must have policies and processes in place to ensure that those conflict minerals contained in products manufactured by Suppliers do not directly or indirectly fund or assist armed perpetrators of human rights abuses or otherwise directly or indirectly contribute to human rights abuses. HSPE expects its Suppliers to endeavor to have all smelters and refiners in the supply chain related to 3TG, cobalt, other materials, derivatives or conflict minerals participate and actively participate in independent third party audit programs. The Suppliers will also provide HSPE with any information on such smelters and refiners upon request, or if sourced within the conflict region, from mines and smelters that have been independently third party certified as conflict free for the DRC. If a supplier does not currently have this ability, he is obliged to immediately communicate his plans to achieve this goal. At the request of HSPE, the supplier must make all information available to HSPE without delay.

### **Dangerous Substances**

The Suppliers is obliged to identify potentially hazardous substances in chemical products and goods used in manufacturing and to ensure that these substances are safely treated, transported, stored, recycled and disposed of. The safety information on the substances must be available in order to train and protect employees in the handling of hazardous substances. Furthermore, employees must have access to appropriate personal protective equipment.

HSPE requires 100% content declaration of all substances used in the products supplied to HSPE. Reporting is done by entering data into the International Material Data System or another equivalent tool.

## **7 BUSINESS INTEGRITY**

HSPE is convinced that fair and lawful corporate governance is essential to build trust with Suppliers. HSPE therefore requests its Suppliers to conduct their business in the same way, particularly in the following areas:

### **Anti-Corruption**

The Suppliers shall not engage in, support or tolerate any form of bribery or corruption, directly or indirectly. Suppliers shall not accept any form of improper advantage for or from any third party, whether private or public, whether offering or accepting it for the purpose of doing or obtaining business, or offering any form of preferential treatment. Gifts and entertainment are acceptable as part of normal business practice if the gifts

and/or entertainment are proportionate and do not influence the recipient's decision. In regions in which HSPE has regulated specific value limits with regard to maximum amounts for gifts or maximum entertainment costs, these are to be observed by the Supplier towards HSPE.

### **Money Laundering**

Suppliers will comply with applicable anti-money laundering laws.

### **Fair Competition**

Suppliers shall respect and comply with all applicable fair trade, competition and antitrust laws and regulations and shall not engage in anti-competitive discussions or anti-competitive agreements at any stage of the production or distribution chain, including illegal price fixing, market sharing, customer allocation or other illegal anti-competitive practices.

### **Conflicts of Interest**

The Suppliers shall act openly and transparently to demonstrate that they are a bona fide and reliable partner for HSPE. In addition, the Suppliers will conduct business in such a way as to avoid situations in which private, financial or other external interests conflict with employees' work duties. Any situation in which a HSPE employee or professional within the framework of a contract with HSPE could have a personal interest of any kind in the business of the Suppliers or in an economic relationship with the Suppliers, this must be reported to HSPE immediately through the usual reporting channels.

### **Intellectual Property (IP) Rights & Confidentiality**

Suppliers shall respect HSPE's confidential information and intellectual property rights and protect it from misuse, mishandling, counterfeiting, theft, fraud or improper disclosure in accordance with applicable law and the terms of the contract with HSPE. The Suppliers are required to create and implement an information management strategy. This includes creating a policy that ensures appropriate levels and thresholds and records of the proper integrity of the business.

### **Plagiarism**

The Suppliers are expected to develop, implement and maintain appropriate methods and processes for its products and services in order to minimize the risk of introducing plagiarism and counterfeit materials into deliverable products. In addition, companies should establish effective procedures to detect plagiarism and forged materials. If found, the materials should be isolated and the original equipment manufacturer (OEM) and/or law enforcement authorities, as appropriate, notified. Finally, the Suppliers are expected to confirm that sales to non-OEM customers comply with national laws and that those products sold have been used in accordance with the law.

### **Retaliation**

Retaliation is defined as any negative administrative decision and/or action, direct or indirect, threatened, recommended or taken against any person who has reported suspected misconduct involving a significant risk, or resulting from a duly authorized review or investigation of a report contributed to misconduct. Suppliers are expected to establish processes that allow concerns to be raised anonymously, confidentially and without retaliation.

### **Information Security**

It is of utmost importance that the Suppliers conform to the security interests and information security requirements of HSPE and its customers. For this reason, all scopes classified with a corresponding classification (confidential / strictly confidential such as specifications, design and development data and other correspondingly critical information) must be processed and protected in an appropriate manner.



With TISAX (Trusted Information Security Assessment Exchange - <https://portal.enx.com/de-de/TISAX/>) and TPISR (Third Party Information Security Requirements), industry standards for information protection have been defined and assessment requirements have been specified and are also within the supply chain to guarantee. The Suppliers undertake that their products and services have undergone a corresponding classification and that a valid TISAX certificate can be presented on request.

In terms of the information security requirements of the HSPE, the Suppliers have the obligation to protect the entire database of existing scopes of delivery against unauthorized access, modification, destruction and other misuse according to the state of the art. Furthermore, data of HSPE and its customers must be strictly separated from data of other customers of the Suppliers.

If an identified, significant case of breach of information security has occurred, the HSPE buyer responsible for the supplier must be informed immediately by the Suppliers.

The Suppliers are obliged to notify HSPE of a central contact person for information security via the portal used in each case (supplier database) and to inform them immediately of any changes.

### **Data Protection**

Whenever personal data about individuals is entrusted to one of the Suppliers, this supplier must protect it and take appropriate measures to protect it from misuse. All applicable data protection laws and the terms of the contract with HSPE must be observed when collecting, storing, using, processing or disclosing personal data from individuals.

### **Export Control**

Suppliers will comply with applicable international laws governing the import and export of goods, services and information, including compliance with any applicable laws prohibiting or restricting business relationships with sanctioned countries, companies or individuals.

### **Documentation**

Contracts are complied with, taking into account changes in the framework conditions. HSPE expects its Suppliers to ensure that all reports, records and invoices are accurate, complete and do not contain false or misleading information.

### **Financial Responsibility**

The Suppliers adheres to the principles of proper accounting and financial reporting. To the extent required by law, the supplier must provide information about the current financial situation. Social, tax and customs regulations are observed and complied with.

## **8 CONSEQUENCES OF VIOLATION OF THE HSPE "COC FOR SUPPLIERS"**

HSPE verifies compliance with the standards and rules set out in this document through Self-Assessment Questionnaires ("SAQ") and, where necessary, through sustainability audits and assessments at Suppliers production sites and throughout the supply chain.

The appropriate handling of non-compliant cases is an essential part of our comprehensive compliance management. HSPE does not tolerate non-compliant behavior with regard to the requirements of the CoC Suppliers. Suppliers who violate this code of conduct will be held accountable.

HSPE is fully committed to dealing with violations appropriately. This means:

- All allegations are taken seriously.

- Efficient and timely investigation of allegations.
- Objective and impartial assessment of the facts.
- Taking appropriate corrective action and sanctions if an allegation is well founded.

Internal and/or external experts, led by senior management and the relevant department of HSPE, will investigate allegations, including but not limited to bribery and fraud.

HSPE reserves the right to charge the Suppliers for additional costs resulting from non-compliance with the CoC Suppliers.

A violation of the requirements is considered a significant impairment of the business relationship with the Suppliers. In this case, HSPE reserves the right, without prejudice to other rights, to request clarification, initiation of measures and information in this matter. A lack of willingness to cooperate or the demonstrable failure to initiate suitable corrective measures within a reasonable period of time or the seriousness of the violation can lead to the termination of the business relationship.