

Sustainability Standards for Suppliers

 **GRUPPE**
MOTION TECHNOLOGIES



Actuators and Sensors



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1 Objective

As an innovation-driven foundation company, the sustainable treatment of our employees and the regions of our sites is anchored in the foundation purpose of the ETO GRUPPE. In line with the group strategy, we are committed to responsible corporate governance based on the three pillars of sustainability. These include ecological, social and corporate ethical aspects.

The business partners of the ETO GRUPPE comply with all applicable rules and laws. The reference framework is the Declaration of Human Rights as well as the Global Compact of the United Nations, the Guidelines for Multinational Enterprises of the Organization for Economic Development and Cooperation (OECD) and the conventions of the International Labor Organization (IOL).

These sustainability standards express requirements for all suppliers of the ETO GRUPPE regarding environmental protection and energy management, social responsibility with regard to human rights and labor standards as well as business ethics. They are valid worldwide and are aimed at both manufacturing suppliers and service providers. The standards form the basis for the cooperation and are an integral part of purchasing contracts. Business partners must pass these requirements on to their employees as well as to their suppliers.

The ETO GRUPPE is constantly striving to optimize its business activities and products in terms of sustainability and encourages its suppliers to do the same.

2 Scope of Application

All locations of the ETO GRUPPE and their business partners.

3 Mitgeltende Unterlagen

Documents:

[Paris Agreement \(COP 21\)](#)

[Greenhouse Gas Protocol](#)

[UN Global Compact Guidelines](#)

[OECD Guidelines for Multinational Enterprises](#)

[ILO Labor and Social Standards](#)

Chapter:

[5.4 Reduction of CO2 Emissions and Greenhouse Gas Balancing](#)

[6 Social Responsibility Standards](#)

4 Definition of Terms

COP 21	United Nations Framework Convention on Climate Change, 21st Conference of the Parties
CO2	Carbon dioxide
ILO	International Labor Organization
OECD	Organisation for Economic Cooperation and Development
UN	United Nations

5 Standards for Environmental Protection and Energy Management

The introduction and certification of an environmental and energy management system is desired. In principle, the supplier must comply with the following standards for environmental protection and energy management.

5.1 Environmental Responsibility

The supplier shall act in accordance with the precautionary principle with regard to potential environmental risks, take initiatives to promote greater environmental responsibility, and encourage the development and dissemination of environmentally friendly technologies.

The use of substances and materials hazardous to the environment and health shall be avoided as far as possible. This also requires identifying environmentally friendly alternative solutions that are effective in the long term.

Chemicals and other substances that may pose a hazard if released into the environment must be identified. Hazardous substance management must be established for these so that they can be safely handled, transported, stored, reprocessed, reused or disposed of through appropriate procedures.

5.2 Environmentally Friendly and Energy-Efficient Production

Optimum environmental protection must be ensured at all stages of production. This includes a proactive approach to avoid or minimize the consequences of accidents that may have a negative impact on the environment.

Particular importance is attached to the application and further development of energy and water saving technologies, characterized by the use of emission reduction, reuse and recycling strategies.

Energy consumption must be analyzed so that it can be systematically used to implement optimization actions.

5.3 Environmentally Friendly and Energy-Efficient Products

All products manufactured along the supply chain must meet the environmental standards of their market segment. This includes the complete product life cycle and all materials used. Impacts on the environment and the health of employees are avoided or minimized in all activities throughout the product life cycle.

In development, raw material extraction, the use phase of products through to recycling - as well as other activities - the economical use of energy, water and raw materials, the use of renewable resources and the minimization of environmental and health damage are taken into account.

5.4 Reduction of CO₂ Emissions and Greenhouse Gas Balancing

The ETO GRUPPE is committed to the goals of the 'Paris Agreement' (COP 21). Accordingly, one focus of sustainability activities is the reduction of CO₂ emissions over the entire product life cycle – from development to raw material extraction and recycling.

With a value-added share of more than 50 %, the supplier network has a major impact on the ecological footprint of the products. For this reason, suppliers are required to be transparent about emission data from their own operations as well as from upstream activities. Upon request, business partners must provide information on total energy consumption in megawatt hours (MWh) and CO₂ emissions in tons – according to Greenhouse Gas Protocol Scope 1, 2 and 3 – to the ETO GRUPPE. Furthermore, the implementation of effective actions to reduce direct and indirect CO₂ emissions in the supply chain is expected.

6 Social Responsibility Standards

Suppliers are obliged to comply with internationally recognized human rights. Human rights violations are to be proactively prevented in all business activities within the sphere of influence of the own company as well as with business partners. The Global Compact Guidelines of the United Nations (UN), the Guidelines for Multinational Enterprises of the Organization for Economic Cooperation and Development (OECD) and the conventions of the International Labor Organization (ILO) provide the framework for this.

6.1 Prohibition of Forced Labor, Slavery and Human Trafficking

No forced or compulsory labor, modern slave labor, human trafficking or such comparable work may be used. All work must be voluntary and may not be forced through psychological hardship or physical coercion.

In addition, employees must be able to terminate the employment relationship after a reasonable period of time.

6.2 Prohibition of Child Labor and Protection of Young Workers

Child labor must not be used at any stage of the value chain. Suppliers are required to comply with the recommendation from the ILO conventions on the minimum age for the employment of children. According to this, the age should not be less than the age at which compulsory education ends and in any case not less than 15 years.

Business partners must ensure that young workers under the age of 18 do not work overtime or nights and are protected against working conditions that are detrimental to their health, safety, moral or development.

6.3 Prohibition of Discrimination and Harassment

Harassment and discrimination of employees in any form is prohibited. This applies, for example, to discrimination based on national and ethnic origin, social origin, health status, pregnancy, disability, sexual orientation, age, gender, skin color, political opinion, membership in a trade union, religion or ideology.

Employees must always be selected, hired and promoted on the basis of their qualification and abilities. The personal dignity, privacy and personal rights of each individual must be fully respected.

6.4 Freedom of Association and Right to Collective Bargaining

The supplier shall respect the right of workers to freedom of association, to join trade unions, to call on workers' representation or to join works councils in accordance with local laws. Workers shall be able to communicate openly with management without fear of reprisal or harassment.

6.5 Fairness in Wages, Benefits and Working Hours

Compensation paid to workers shall comply with all applicable wage laws, including, for example, minimum wage and overtime laws. The basis on which workers are compensated shall be disclosed to employees on an ongoing basis through a payroll statement.

At a minimum, working hours and non-working hours must comply with applicable laws, industry standards or relevant ILO conventions, whichever is more restrictive.

6.6 Health and Safety in the Workplace

The supplier is responsible for providing a safe and healthy working environment that complies at least with the applicable national regulations on occupational health and safety and fire protection. All occupational health and safety actions must be free of charge for the employees (ILO Convention 155).

By setting up and applying appropriate occupational safety systems, necessary precautionary actions are taken against accidents and damage to health that may arise in connection with the activity.

In addition, employees are regularly informed and trained about applicable health and safety standards and their actions.

All products and services must meet the contractually defined criteria for quality upon delivery in order to guarantee active and passive safety and to be used safely for their intended purpose.

Furthermore, a process must be established that enables a continuous reduction of work-related health hazards and an improvement of occupational health and safety and fire protection.

If, despite all efforts by the business partner, an occupational accident occurs, all actions must be implemented in accordance with the relevant country-specific requirements in order to be able to guarantee first aid.

Employees are provided with access to drinking water in sufficient quantities, as well as access to clean sanitary facilities and break rooms.

6.7 Responsible Sourcing

In accordance with the OECD due diligence principles, the business partner establishes processes to promote responsible supply chains for minerals from conflict and high risk areas. This applies to the so-called conflict minerals tin, wolfram, tantalum and gold, as well as other raw materials such as cobalt. Smelters and refiners without adequate, audited due diligence processes are not allowed. Information on the smelters used by the supplier or sub-suppliers must be provided to the ETO GRUPPE upon request.

7 Standards for Ethical Business Conduct and Compliance

7.1 Compliance with Laws

The highest level of integrity is expected in all business activities and relationships. Suppliers are requested to refrain from any form of fraud or embezzlement, insolvency offenses, corruption, granting of advantages, extortion, bribery or venality. The supplier is obliged to comply with all laws and regulations applicable to him - as well as to the business relationship with the ETO GRUPPE.

7.2 Intellectual Property and Data Protection

Innovative strength is a key success factor for the ETO GRUPPE in international competition. Therefore, the protection of intellectual property rights and the transfer of know-how is of particular importance.

The business partner is obliged to adequately protect sensitive business, technical and financial information as well as trade secrets and not to disclose them without authorization.

In addition, there is an obligation to protect private information of the clients, suppliers, customers and employees. The supplier shall observe the laws on data protection and information security and the official regulations when collecting, storing, processing, transmitting and forwarding personal information.

Further regulations are to be taken from the concluded purchasing contracts.

The introduction and certification of an information security management system is desired.

7.3 Fair Competition and Avoidance of Conflicts of Interest

The standards of fair business, fair advertising and fair competition shall be observed. In addition, the applicable antitrust laws are to be applied, which influence prices or conditions in dealings with competitors - in particular through agreements and other activities. Business partners shall make their decisions solely on the basis of factual criteria and shall not be influenced by personal interests or relationships.

7.4 Control of Foreign Trade

Business partners shall strictly observe all applicable laws governing the import and export of goods, services and information.

Business activities with persons or companies on sanctions or embargo lists are excluded. To this end, the business partner regularly carries out proactive checks of these lists.

8 Complaint Management

8.1 At the Business Partner

The supplier shall establish an effective complaint mechanism for individuals and communities and ensure appropriate corrective actions.

8.2 At ETO GRUPPE

The ETO GRUPPE checks compliance with the sustainability standards and regulations comprehensively with the help of a self-disclosure questionnaire customary in the industry, as well as on an ad hoc and random basis through sustainability audits and assessments at the locations of the suppliers, both with direct business partners and along the supply chain.

If you suspect possible violations or in the event of specific violations of the above-mentioned standards, please contact us confidentially and anonymously via phone +49 7771 809-1603 or e-mail to supply-chain-compliance@etogruppe.com.

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