



Guideline for Sustainable and Responsible Procurement

**IDH Anlagenbau und
Montage GmbH**

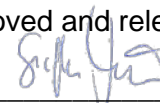
Table of Contents

- 1 Sustainability in the Supply Chain
- 2 Business Ethics
- 3 Respect for Human Rights
- 4 Working Conditions
- 5 Compliance with Environmental Standards
- 6 Management Systems
- 7 Implementation and Control

Effective from 02/11/2021

Created by: Mr. Langendorf

approved and released:



CEO

1 Sustainability in the Supply Chain

Ethical behavior and sustainability, encompassing legal, economic, and social responsibility, are essential components of IDH. This includes fostering long-term and trustworthy partnerships and ensuring suppliers' compliance with laws. IDH sources raw materials, goods, and services from suppliers to ensure the sustainable success of both the company and its customers.

The Sustainability Guideline applies globally to all suppliers. IDH expects its suppliers to implement the principles outlined in this code within their organizations. It is the responsibility of suppliers to verify compliance with the principles listed below in their own supply chains.

The principles outlined in the Sustainability Guideline are aligned with the content of the following conventions and standards:

- Principles of the United Nations (UN) Global Compact
- International Labour Organization (ILO) agreements
- Charter for Sustainable Development of the International Chamber of Commerce (ICC)
- SA8000 (Standard for Socially Responsible Corporate Practices)
- Dodd-Frank Act on Conflict Minerals

To meet this objective, we have developed this Guideline for Sustainable and Responsible Procurement, which covers a broad range of sustainability requirements, from working conditions and human rights to environmental matters, ethics, and transparency. This Guideline applies to all our suppliers and business partners, ensuring that we collaborate only with companies that share our values and standards and support our vision of sustainable and responsible procurement.

2 Business Ethics

2.1 Compliance with Legal Regulations

We expect IDH's suppliers to comply with all applicable legal regulations, respect human rights, and uphold human dignity.

2.2 Prohibition of Corruption, Extortion, and Bribery

IDH does not tolerate any form of corruption from its suppliers, including bribery or the provision or acceptance of unlawful advantages, whether directly or through intermediaries, to individuals or public officials. Outlawed activities include active bribery, offering improper benefits, as well as passive bribery, accepting improper benefits, with the aim of obtaining unlawful advantages.

2.3 Fair Competition

IDH expects its suppliers to adhere to international and national laws governing fair competition, including provisions against unfair competition and cartel laws. Any collusion with competitors on prices, sales conditions, quantity limitations, market divisions, or bids for public tenders, etc., is strictly prohibited.

2.4 Elimination of Child Labor and Protection of Young Workers

Suppliers must safeguard IDH's intellectual property, such as patents, trademarks, copyrights, designs, trade secrets, patterns, models, know-how, and also respect the intellectual

property rights of third parties. Suppliers must ensure that the products supplied to IDH do not infringe upon the intellectual property rights of others.

2.5 Product Safety

Products and services provided by IDH, as well as those sourced from suppliers, must not pose risks to humans or the environment and must comply with agreed-upon or legally required product safety standards. Suppliers are required to clearly communicate information on safe product use.

2.6 Prevention of Dealing with Counterfeit Parts

IDH expects its suppliers to develop, implement, and maintain effective methods and processes to identify and prevent the handling of counterfeit parts and materials.

2.7 Freedom of Association and Collective Bargaining

We recognize the right of employees to freedom of association, collective bargaining, and negotiations, in line with international human rights standards. Our suppliers must ensure that employees have the right to freely organize, join unions, and participate in collective bargaining. We support a fair and transparent negotiation process between employers and employees to promote fair wages and working conditions. Violations of the right to freedom of association and collective bargaining will not be tolerated, and we may terminate business relationships with suppliers who violate these principles.

2.8 Non-Discrimination and Harassment

We are committed to promoting diversity, equality, and inclusion in our supply chain. Discrimination or harassment of any kind, including based on race, gender, religion, nationality, sexual orientation, gender identity, or other protected characteristics, is unacceptable. Our suppliers must ensure that all employees are treated fairly and respectfully, and we will not tolerate violations of these principles. Measures will be taken to counteract discrimination and harassment, including appropriate procedures for reporting and investigating complaints. Violations of this policy may lead to the termination of business relationships with suppliers who violate these principles.

2.9 Rights of Minorities and Indigenous Peoples

We respect and protect the rights of minorities and indigenous peoples in accordance with international human rights standards and national laws. Our suppliers must ensure that these rights are respected, including land rights, cultural rights, and rights to consultation and consent. Violations of these rights will not be accepted and may lead to action, including the termination of business relationships with suppliers who violate these principles.

2.10 Anti-Corruption and Anti-Money Laundering

As a medium-sized company, we attach great importance to the fight against corruption and money laundering. We are committed to integrity, transparency, and ethics in all our procurement practices. Our procurement policy includes careful supplier selection, transparent procurement procedures, contractual clauses for combating corruption and money laundering, supplier due diligence, and employee training to ensure that we and our business partners adhere to the highest standards of anti-corruption and anti-money laundering.

2.11 Data Protection and Data Security

Data protection and information security are of the utmost importance to our company. We are committed to upholding data protection and data security standards in all our procurement activities. We expect our suppliers to share our values and also take appropriate measures to ensure the confidentiality, integrity, and availability of data. In cases where it is reasonable and our business relationship involves the processing of sensitive data, we require our suppliers to have TISAX certification or equivalent certification as evidence of their data security measures. This is to minimize the risk of data protection breaches and ensure that our suppliers adhere to the highest standards of data protection and data security.

2.12 Fair Competition and Antitrust Law

As a medium-sized company, we are firmly committed to promoting fair competition and complying with antitrust laws in our procurement activities. We undertake to comply with all applicable competition laws and antitrust regulations and expect the same from our suppliers. We reject any form of collusion, agreements, or other anti-competitive practices and always act in accordance with the principles of free and fair competition. We demand that our suppliers act independently and responsibly and do not tolerate or engage in collusion or other anti-competitive behavior. Our procurement policy emphasizes the importance of a fair competitive environment and requires our suppliers to act honestly, transparently, and in accordance with applicable antitrust regulations in all business practices and negotiations.

2.13 Whistleblowing and Protection against Retaliation

As a medium-sized company, we foster an environment where whistleblowers are welcome and protected. We encourage our employees and suppliers to report concerns or suspicions regarding corruption, misconduct, or other ethical violations. We ensure that whistleblowers are shielded from any form of retaliation or disadvantage and that their identities are treated with utmost confidentiality. We take whistleblowers' reports seriously and take appropriate measures to address reported matters.

2.14 Ethical Recruitment

We advocate for ethical recruitment practices and require our suppliers to employ fair and transparent procedures when recruiting employees. We reject any form of forced labor, human trafficking, or exploitation and demand that such practices are not tolerated in our supply chain. We commit to collaborating only with suppliers who adhere to ethical recruitment methods and respect the human rights of their employees.

2.15 Women's Rights

We actively promote women's rights in our supply chain. We expect our suppliers to ensure equal opportunities and treatment for women and men while rejecting discriminatory practices. We endorse the inclusion of women in all areas of our procurement activities and support the empowerment of women through education, training, and professional development.

2.16 Diversity, Equality, and Inclusion

We place importance on the responsible use of private or public security forces in our procurement activities. We demand that our suppliers ensure the deployment of security forces in compliance with all applicable laws and regulations, respecting the human rights and personal safety of employees and other stakeholders.

2.17 Use of Private or Public Security Forces

We place importance on the responsible use of private or public security forces in our procurement activities. We demand that our suppliers ensure the deployment of security forces in compliance with all applicable laws and regulations, respecting the human rights and personal safety of employees and other stakeholders.

2.18 Financial Responsibility (Accurate Records)

As a medium-sized company, we prioritize financial responsibility and integrity. We require our suppliers to maintain accurate records of all financial transactions and business operations. It is essential for all financial information to be correct, complete, and transparent to ensure proper accounting and financial reporting.

2.19 Disclosure of Information

We expect our suppliers to be open and transparent, providing us with all relevant information. This includes information on business practices, product safety, environmental impact, and social responsibilities. Honest and comprehensive disclosure of information is vital to maintain trust in our supply chain.

2.20 Conflicts of Interest

We commit to avoiding or disclosing conflicts of interest. We expect our suppliers to disclose any potential or actual conflicts of interest, whether financial or personal, concerning our company. Appropriate measures must be taken to prevent potential or actual conflicts of interest.

2.21 Plagiarism

We reject all forms of plagiarism and expect our suppliers to offer original and authentic products and services. Plagiarism not only jeopardizes our supply chain but also violates intellectual property rights and ethical principles. We demand that our suppliers do not tolerate plagiarism and take steps to minimize the risks associated with it.

2.22 Intellectual Property

We respect the intellectual property of others and expect the same from our suppliers. We require them to respect the intellectual property rights of third parties, such as patents, copyrights, and trademarks, and refrain from offering products or services that infringe upon such rights. We urge our suppliers to take measures to protect intellectual property and prevent infringements.

2.23 Animal Welfare

As a responsible company, we place great importance on animal welfare. We expect our suppliers to adhere to animal welfare practices and not tolerate any animal cruelty or mistreatment. We prefer suppliers who demonstrably uphold animal welfare standards and practice sustainable animal husbandry.

3 Respect for Human Rights

3.1 Prohibition of Forced Labor and Child Labor

IDH does not tolerate forced and child labor, neither within its own organization nor within its suppliers. The minimum age for employment in accordance with the applicable state regulations must be adhered to by the suppliers. If no national regulations exist, the core labor standards of the International Labor Organization (ILO) apply.

3.2 V Prohibition of Any Discrimination

IDH does not tolerate discrimination and expects its suppliers to prohibit any form of discrimination, such as based on gender, marital status, race, color, origin, religion, sexual orientation, disability, political beliefs, or other personal characteristics, within their organization.

3.3 Prohibition of Disciplinary Measures

IDH expects its suppliers not to physically or psychologically punish employees in any form, especially when employees report company practices in good faith that violate national, international, or internal regulations.

3.4 Prohibition of Retaliation Measures

IDH expects its suppliers to ensure that employees feel capable of reporting concerns regarding indications of serious misconduct or severe abuse, or imminent serious misconduct or severe abuse within the organization without fear of sanctions.

3.5 Confidentiality and Processing of Personal Data

IDH operates based on laws protecting personal data in the respective countries where we operate. Additionally, we adhere to European legislation on the protection of personal data. Our policy on confidentiality and processing of personal data reflects these laws. We apply this policy globally and expect the same approach from our suppliers.

3.6 Child Labor and Young Workers

We are committed to strict compliance with international standards and national laws regarding child labor and the employment of young workers. We do not accept any form of child labor or forced labor in our supply chain. The minimum age for employment must comply with the respective national law or international standard, whichever value is higher. Young workers must be appropriately protected and supported in accordance with applicable laws and regulations to ensure their rights are upheld, and their well-being is paramount. Violations of these principles will result in the termination of business relationships with suppliers that violate this policy.

3.7 Working Hours

We promote reasonable working hours and compliance with legal regulations on working hours, including the maximum allowable working hours per day and week. We expect our suppliers to structure working hours in line with applicable labor laws and to offer overtime only on a voluntary basis and with appropriate compensation. Forced labor, unpaid work hours, and exploitative labor practices are unacceptable. We advocate for promoting a bal-

anced work-life and respecting workers' rights regarding their working hours to protect their physical and mental well-being.

3.8 Modern Slavery (Forced or Compulsory Labor)

We condemn all forms of modern slavery, including forced labor, debt bondage, human trafficking, and exploitative working conditions. We expect our suppliers not to employ or support any workforce under such conditions. We demand that our suppliers take clear measures to prevent and combat modern slavery in their supply chain. This includes adequate audits, employee and subcontractor training, transparent employment contracts, and fair working conditions. We are committed to upholding human rights and working actively to end modern slavery practices in our supply chain.

4 Working Conditions

4.1 Occupational safety and health at work

IDH's top priority is to achieve a workplace free from accidents. Suppliers are expected to comply with occupational safety regulations at their locations. Each supplier must establish and disclose policies and procedures for occupational safety and health protection to their employees to prevent accidents and occupational diseases.

4.2 Living Wages

IDH expects its suppliers to be aware of their social responsibility towards their employees and to ensure that their compensation and working hours are fair and adequate. The supplier must provide its employees with the social benefits they are entitled to by law or contract.

4.3 Working Hours

IDH expects its suppliers to enable their employees to strike a balance between work and leisure and to comply with the applicable national labor laws regarding working hours. Employees are entitled to regular annual leave. We expect our suppliers to structure working hours in line with applicable labor laws and to offer overtime only on a voluntary basis and with appropriate compensation. Forced labor, unpaid work hours, and exploitative labor practices are unacceptable. We advocate for promoting a balanced work-life and respecting workers' rights regarding their working hours to protect their physical and mental well-being.

4.4 Freedom of Association

IDH expects its suppliers to maintain open and constructive communication with their employees and employee representatives. Employees have the right to engage in collective bargaining and to organize themselves in trade unions. If trade unions are not allowed in a country for political reasons, the supplier must enable independent associations in another form. Suppliers must not discriminate against employees who engage as employee representatives.

4.5 Wages and Benefits

We advocate for fair wages and appropriate social benefits for all workers in our supply chain. This includes payment of wages that meet at least the legal minimum wage or industry-standard wage, whichever value is higher. Additionally, we expect our suppliers to provide social benefits such as social security and other legally required benefits in accordance with applicable laws and regulations. Discrimination in wages and benefits based on gender,

race, religion, nationality, or other protected characteristics is unacceptable. We will actively work to ensure that fair wages and appropriate social benefits are provided to all workers throughout our supply chain.

4.6 Occupational Health and Safety

The safety and health of our workers and the workers of our suppliers are of paramount importance. We require our suppliers to comply with all applicable occupational health and safety laws and regulations to ensure safe and healthy working conditions. This includes proper workplace design, protection from hazardous substances, training in occupational safety and health, and the provision of personal protective equipment. We support measures to prevent workplace accidents and health hazards and expect our suppliers to take proactive measures regarding occupational safety and health protection.

5 Compliance with Environmental Standards

5.1 Environmental Legislation

IDH expects its suppliers to comply with the applicable national environmental laws.

5.2 Avoidance and Reduction of Environmental Impact

IDH expects its suppliers to effectively use necessary resources, including materials, energy, and natural resources, and minimize environmental impacts. This also applies to logistics and transportation. Continuous reduction of hazardous greenhouse gases is an essential part of this effort. Suppliers are required to reduce emissions in the production process, control harmful emissions, and, where possible, treat them before releasing into the environment. The air quality in their surroundings should not be negatively affected by their activities. Waste should be avoided or recycled as much as possible. IDH's suppliers use or develop practices that regulate the environmentally friendly use of water. Significant deterioration of water quality at the end of its use should be avoided.

5.3 Responsible Raw Material Procurement

IDH's suppliers support activities that ensure responsible raw material procurement. Procurement and use of materials obtained through illegal, unethical, or unreasonable means should be avoided. The use of raw materials, such as conflict minerals affected by embargoes or other import restrictions, should be excluded. Therefore, suppliers are required to identify and disclose the origin of raw materials used in the products in the supply chain to IDH.

5.4 Avoidance of Hazardous Substances

Substances that pose a danger to human health and the environment should be avoided. IDH's suppliers maintain hazardous substance management to ensure safe use, transportation, storage, recycling, reuse, and disposal of hazardous substances. Responsible chemical management based on the principle of minimizing risks is practiced by our suppliers.

5.5 Environmentally Friendly Products

IDH's suppliers consider the efficient use of energy and natural resources when developing products and services. The products should be designed for reuse, recycling, or safe disposal. The products supplied to IDH should not contain substances of concern falling under the REACH regulation. If applicable, affected ingredients should be reported to IDH in ad-

vance. Materials or purchased components that do not comply with RoHS requirements should be substituted by the supplier in consultation with IDH. If necessary, the supplier should issue an EU Declaration of Conformity regarding compliance with the RoHS Directive.

5.6 Sub-suppliers

IDH's suppliers are obligated to ensure that their subcontractors comply with the provisions contained in this section through appropriate contractual arrangements.

5.7 Reporting on Greenhouse Gas Emissions

Our procurement policy emphasizes transparency and sustainability regarding greenhouse gas emissions. Suppliers are required to report regularly on their own greenhouse gas emissions and take measures to reduce emissions. We encourage collaboration with suppliers to develop and implement solutions for reducing greenhouse gas emissions throughout the supply chain.

5.8 Energy Efficiency

Energy efficiency is a central element of this policy. IDH commits to always consider energy-efficient solutions in procurement decisions to reduce energy consumption and minimize the organization's ecological footprint. This includes using energy-efficient devices and technologies, utilizing renewable energy sources, and considering energy efficiency criteria when selecting suppliers and service providers.

5.9 Renewable Energies

The use of renewable energies is a core principle of this sustainable and responsible procurement policy. IDH is committed to actively promoting renewable energies and prioritizing them in its procurement practices, such as solar, wind, water, and biomass energies. This includes favoring products and services that come from renewable energy sources and collaborating with suppliers that advocate for the use of renewable energies.

5.10 Water Quality, Consumption, and Management

IDH commits to preferring products and services that have low water consumption and efficiently utilize water resources. We also place great importance on adhering to environmental standards and regulations for water quality to protect waters and the environment. IDH works closely with suppliers to identify and implement sustainable solutions for water use and management. Through our commitment to water quality, consumption, and management, IDH contributes to preserving water resources and promoting sustainable procurement.

5.11 Air Quality

When making procurement decisions, we commit to prefer products and services that contribute to improving air quality and minimize the emission of pollutants into the air. This includes selecting environmentally friendly transportation methods, reducing emissions from energy sources, and collaborating with suppliers engaged in air quality preservation measures. IDH advocates for protecting air quality and promoting environmentally friendly solutions in its procurement practices to contribute to improving environmental health and sustainable development.

5.12 Responsible Chemical Management

IDH commits to selecting products and services characterized by safe and sustainable chemical practices. This involves considering environmental and health aspects when procuring chemicals, minimizing harmful chemicals, and complying with environmental standards and regulations for handling chemicals. IDH works closely with suppliers to promote responsible chemical management practices and ensure environmentally and health-conscious chemical handling in its procurement practices.

5.13 Sustainable Resource Management

IDH commits to preferring products and services that allow for the gentle and efficient use of resources such as water, energy, raw materials, and materials. This includes promoting products with low resource consumption, reuse, recycling, or sustainable disposal of products and packaging. IDH collaborates with suppliers to promote sustainable procurement practices and identify and implement innovative solutions for resource conservation.

5.14 Waste Avoidance

IDH is committed to reducing waste and promoting resource-saving practices for both the company and its suppliers. This includes selecting environmentally friendly packaging materials, promoting recycling and reuse practices, and implementing waste avoidance measures throughout the supply chain. IDH works with suppliers to reduce waste and promote resource-saving procurement practices to make a sustainable contribution to the environment.

5.15 Land, Forest, and Water Rights and Forced Evictions

IDH commits to ensuring that the products and services procured by us are produced in compliance with land, forest, and water rights, as well as internationally recognized human rights standards. IDH does not support practices of forced evictions or unauthorized land acquisition and advocates for the protection of the rights of communities and indigenous peoples.

5.16 Export Controls and Economic Sanctions

IDH commits to ensuring that its procurement activities comply with applicable national and international export control laws and economic sanctions. IDH ensures that the products and services procured do not violate applicable laws and regulations and do not engage in trade activities with sanctioned countries or individuals.

5.17 Decarbonization

IDH actively strives to reduce CO₂ emissions through procurement activities and prioritizes products and services with low carbon footprints. IDH supports sustainable solutions that contribute to reducing greenhouse gas emissions and encourages suppliers to commit to renewable energies and energy-efficient practices.

5.18 Reuse and Recycling

We prefer products and services that use recycled materials or are reusable. We also promote waste reduction measures and encourage our suppliers to use environmentally friendly packaging. Our goal is to make a positive contribution to the circular economy and to use resources sustainably.

5.19 Biodiversity, Land Use, and Deforestation

IDH prefers products and services from suppliers that support sustainable agricultural practices, respect ecosystem protection, and prevent deforestation. The aim is to have a positive impact on biodiversity conservation, responsible land use, and forest protection, contributing to sustainable procurement.

5.20 Soil Quality

We place value on our suppliers following sustainable agricultural practices that protect the soil and preserve soil quality in the long term. This includes favoring products and services from suppliers that promote sustainable soil management, erosion control, and the use of environmentally friendly fertilizers and pesticides. The goal is to support responsible soil resource management and contribute to sustainability in procurement.

5.21 Noise Emissions

As a company, we are committed to sustainable procurement and reducing noise emissions. Our procurement activities aim to minimize noise pollution and promote a healthy work environment and consideration for the neighborhood. We prefer suppliers who offer environmentally friendly and quiet products and services. Suppliers that integrate innovative solutions for noise reduction in their products or services are given preference. When selecting products, we pay attention to their low noise emissions and ensure they do not cause excessive noise. This includes products that use special technologies or materials to reduce noise and minimize noise exposure in the workplace or surroundings. We collaborate closely with suppliers and partners to identify and implement innovative solutions for noise reduction. Joint projects and initiatives are encouraged to minimize noise emissions along the supply chain and develop sustainable solutions.

6 Management Systems

IDH expects its suppliers to maintain management systems to ensure compliance with the sustainability principles outlined in this policy. IDH prefers suppliers who actively implement a Quality Management System according to ISO9001, an Environmental Management System according to ISO14001, and an Information Security Management System according to ISO27001 or VDA TISAX.

7 Implementation and Control

Upon request, the supplier must provide all necessary information for an initial assessment accurately and comprehensively within the framework of a self-assessment. Furthermore, the supplier shall provide any other information that demonstrates compliance with the Sustainability Policy. IDH reserves the right to monitor the implementation of this policy and the Code of Conduct through supplier audits. The supplier shall inform IDH promptly of any incidents that contradict the principles of the Sustainability Policy.

Supplier audits will be conducted using a separate form, "Fbl. 05-08_Supplier Self-Assessment.docx." The results will be regularly evaluated in the Quality Management System.

7.1 Definition and Implementation of Similar Standards by Own Tier-1 Suppliers

The following areas must always be considered and implemented and defined by our own Tier-1 suppliers:

Category	Standards	Actions
Quality Management	Compliance with national and relevant international quality standards	Regular review of supplier quality certificates Conduction sample inspections and audits
Sustainability	Adherence to environmental, social, and governance policies Sustainability certifications	Evaluating supplier sustainability performance Promoting environmentally friendly practices and social responsibility among suppliers
Delivery Reliability	Timely deliveries Supplier failure management	Monitoring delivery performance and assessing delivery reliability Establishing supplier failure management plans
Contractual and Legal Aspects	Contractual agreements and liability regulations Protection of intellectual property	Reviewing and updating contracts with suppliers Implementing measures to protect intellectual property
Ethics and Compliance	Adherence to ethical guidelines and anti-corruption laws Prohibition of child labor and forced labor	Communicating ethics and compliance requirements to suppliers Monitoring compliance with ethical guidelines and anti-corruption laws

7.2 Mandatory Requirements for Tier-1 Suppliers to Cascade Standards Down the Supply Chain

The following requirements must be cascaded down the supply chain to Tier-1 suppliers:

1. **Written Agreements:** Contracts or agreements with Tier-1 suppliers should include binding clauses that demand the cascade of standards to their own suppliers throughout the supply chain. These clauses may encompass specific requirements for quality management, sustainability, delivery reliability, ethical conduct, and compliance.
2. **Monitoring and Reporting:** Mechanisms should be established to monitor compliance with the cascade of standards by Tier-1 suppliers. This may involve regular reporting, audits, or on-site visits to ensure adherence to the standards throughout the supply chain.
3. **Training and Communication:** Tier-1 suppliers should be informed about the standards they need to cascade. This can be done through training sessions, guidelines, or communication materials to ensure that suppliers understand and implement the requirements effectively.
4. **Sanctions and Consequences:** Clear sanctions and consequences should be defined in case Tier-1 suppliers fail to meet the requirements for cascading standards down the

supply chain. This may include contractual penalties, termination of contracts, or other measures to ensure compliance.

5. Collaborative Partnership: Building a collaborative partnership with Tier-1 suppliers is essential to promote the cascade of standards down the supply chain. This can involve sharing best practices, providing support for standard implementation, or collaborating on improvement initiatives.