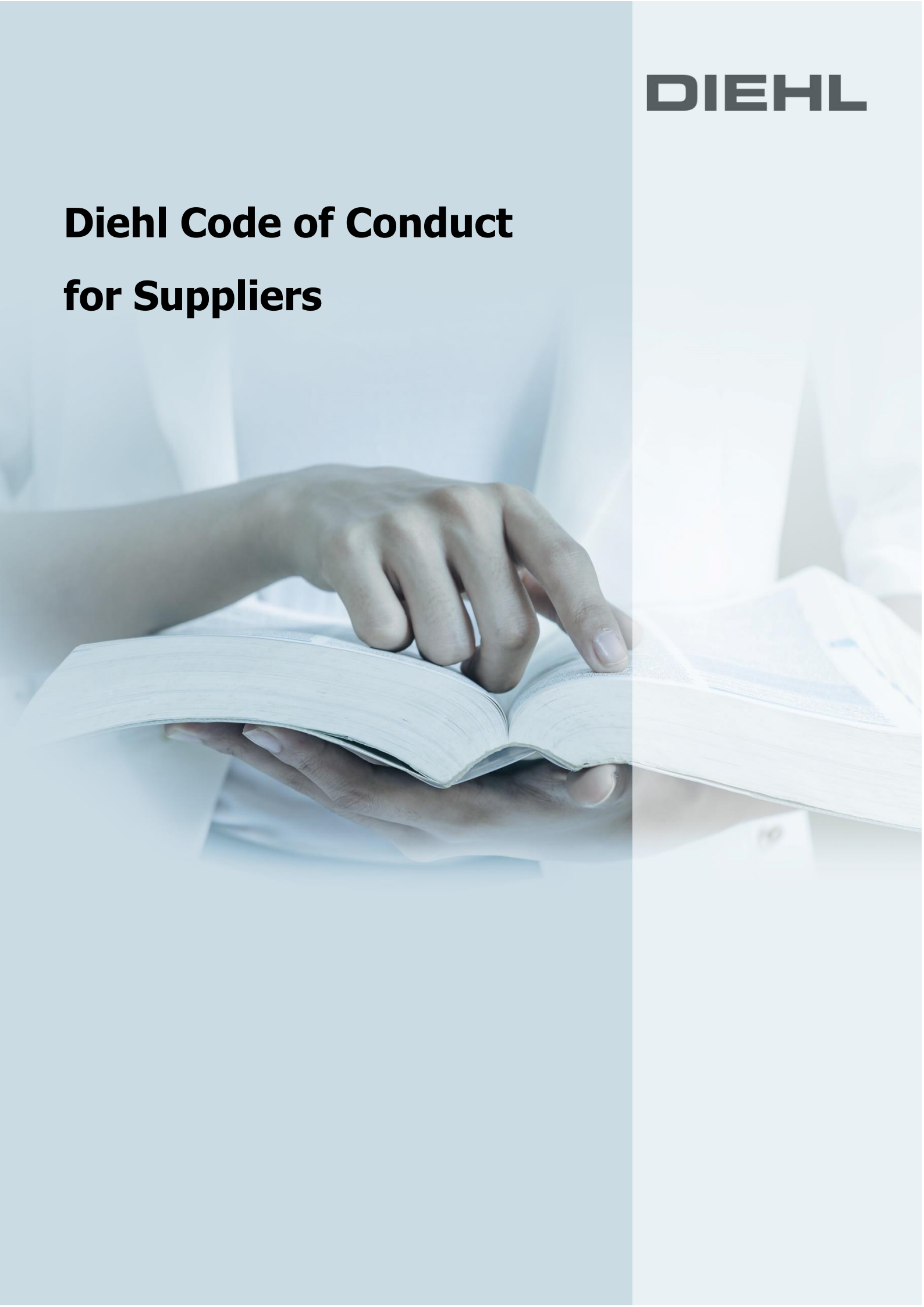


**DIEHL**

# **Diehl Code of Conduct for Suppliers**



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## Preliminary Remark

Dear business partner,

The business relationship between Diehl and its suppliers and subcontractors (hereinafter referred to as "Business Partners") is an important component in establishing business success. Diehl requires its Business Partners, i.e. you, to ensure full compliance with all laws and regulations applicable to your company in those countries in which you do business or provide services. In particular, compliance with and dissemination in your supply chain of the standards set forth in this Code of Conduct for Business Partners (hereinafter referred to as "Code of Conduct").

In addition, this Code of Conduct formalizes the expectations Diehl places on its Business Partners in terms of ethics, human rights and environmental law as part of doing business with integrity. The Code of Conduct aims to communicate the basic principles of doing business with companies of the Diehl Group to all Business Partners and to regulate them in a binding manner.

While recognizing differences in cultures and legal requirements, Diehl demands at the same time that all business activities are conducted in a manner consistent with this Code of Conduct, irrespective of the location of the Business Partner.

This Code of Conduct represents the minimum standard of best practice. The Code of Conduct therefore applies to all Business Partners of Diehl and forms an integral part of the contractual relationship between Diehl and all of its Business Partners; this shall also apply to all affiliated companies and employees of the Business Partners. Each Business Partner shall observe, comply with and promote the Code of Conduct when providing goods and services to a Diehl company, and shall train its employees regularly and appropriately in this regard. Business Partners are required to establish management systems with policies and processes in order to support compliance with laws and regulations as well as with the expectations set forth in this Code of Conduct.

Diehl reserves the right to subject the continuation of the business relationship with a Business Partner to the condition that the Business Partner conducts its business in accordance with any adjusted requirements of Diehl, in particular subject to the results of a possible risk analysis.

Diehl expects its Business Partners to communicate and enforce the expectations set forth in this Code of Conduct to their own business partners (hereinafter referred to as "subcontractors") with whom they collaborate regarding the provision of goods and/or services. The same shall apply to the subcontractor's supply chain.

The Executive Board

*For better readability, there is no gender-specific differentiation.*

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## **1. Scope of application**

This Code of Conduct shall apply to all suppliers (hereinafter referred to as "Business Partners") with whom companies of the Diehl Group enter into a business relationship.

## **2. Compliance with Laws**

Business Partners are bound to comply with all laws and regulations applicable to their business activities, including the local laws and regulations of all countries outside Germany in which operational or strategic business is conducted or services are provided.

## **3. Prohibition of bribery / corruption**

### **3.1 Anti-Corruption Laws**

Business Partners are obliged to comply with the anti-corruption laws, directives and regulations that govern operations in the countries in which they do business, regardless of local customs. This also includes compliance with anti-corruption laws with extraterritorial application.

Any kind of bribery and corruption is prohibited. No Business Partner may offer, provide or accept bribes. Bribery is a criminal offense. This includes bribery in business transactions as well as bribery of any holder of office or granting of advantages and facilitation payments. In particular, any direct or indirect offer, promise, provision or acceptance of inappropriate benefits, whether material or of any other kind, for the purpose of acquiring orders or procuring unlawful advantages is forbidden to all Business Partners (corruption).

Business Partners are expected to conduct reasonable due diligence to prevent and detect bribery and corruption in all business arrangements, including partnerships, the engagement of contractors and subcontractors, joint ventures, offset agreements, and the hiring of third party intermediaries such as sales agents or consultants.

### **3.2 Illegal payments**

Business Partners must not offer any illegal payments to, or agree to receive illegal payments from any customer, subcontractor, their agents, representatives or others. We expect Business Partners to prohibit their employees from receiving, paying and/or promising sums of money or anything of value, directly or indirectly, intended to exert undue influence or gain improper advantage. This prohibition applies even in locations where such activity may not violate local law.

Business Partners must not offer, promise, make or accept improper payments of money or anything of value to government officials, political parties, candidates for public office or any other person.

This includes a prohibition on so-called "facilitation" or "grease" payments intended to expedite or secure performance of a routine governmental action, like obtaining a visa or customs clearance, unless there is a formal legal governmental fee schedule for such expediting services and the Government provides receipts. Personal safety payments are permitted where there is an imminent threat to health or safety.

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### **3.3 Business relations**

Relationships with other companies and between employees and their business partners - e.g. with subcontractors and customers and with government offices and their employees, etc. - must be characterized by transparency, especially in the areas of purchasing and sales. This also applies to relationships with former employees and, in particular, to the family members of employees who directly or indirectly supply goods or services to the Business Partner.

Employees of Business Partners who are involved in contractual negotiations with authorities must be familiar with the guidelines governing the process of submitting business offers in each respective country, and may not violate them.

Business Partners are obliged to compete for orders by fair and legal means and carry out contractual negotiations in compliance with all legal provisions.

### **3.4 Fraud and deception**

Business Partners shall not seek to gain an advantage of any kind by acting fraudulently, deceiving people, making false claims, or allowing anyone else representing them to do so. This includes defrauding or stealing and any kind of misappropriation of property or information.

### **3.5 Competition and antitrust**

Business Partners must not enter into any formal or informal anti-competitive agreements that fix prices, manipulate supply, limit supply, or allocate/control markets. They must not exchange current, recent or future pricing information with competitors. Business Partners must not participate in a cartel or any activity that would unlawfully restrain or affect competition.

### **3.6 Gifts / business courtesies**

We expect our Business Partners to compete on the merits of their products and services. Business Partners must not use the exchange of business courtesies to gain an unfair competitive advantage. In any business relationship, Business Partners must ensure that the offering or receipt of any gift or business courtesy is permitted by applicable laws and regulations and that such exchanges do not violate the rules and standards of the recipient's organization and are consistent with reasonable marketplace customs and practices. No cash gifts or cash equivalents will be offered or accepted.

### **3.7 Conflict of interest**

We expect our Business Partners to avoid all conflicts of interest or situations giving the appearance of a potential conflict of interest. Business Partners will provide immediate notification to all affected parties in the event that an actual or potential conflict of interest arises. This includes a conflict between the interests of the Business Partner and / or its subcontractors and personal interests or those of close relatives, friends or associates.

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## **4. Global compliance with import and export trade laws**

### **4.1 Import**

Business Partners are required to ensure that their business practices are in accordance with all applicable laws, directives and regulations governing the import of parts, components, technical data and services.

### **4.2 Export and Sanctions**

Business Partners are obliged to ensure that their business practices are in accordance with all applicable laws, directives and regulations, including economic sanctions and embargoes, governing the export and transfer of parts, components and technical data and services. Business Partners must provide truthful and accurate information and obtain export licenses and/or consents where necessary.

### **4.3 Responsible sourcing of minerals**

Business Partners must comply with applicable laws and regulations regarding the direct and indirect sourcing of critical materials and conflict minerals (i.e., when integrated in purchased products). Those materials include "conflict minerals" (tin, tungsten, tantalum, and gold), rare earth elements, as well as other minerals or metals (e.g., bauxite, cobalt, titanium, lithium). Business Partners are required to establish a policy and management system to reasonably assure that the "conflict minerals" as well as critical material which may be contained in products they supply are sourced responsibly (i.e., with limited environmental impact and not detrimental to Human Rights).

Business Partners are bound to support efforts to eradicate the use of any conflict minerals, which directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses. Business Partners must conduct due diligence and provide with supporting data on their sources and supply chain of custody for these minerals when requested, and identify any potential doubt on the origin and / or on the production means.

In the event that the material "chain of custody" supplied is "indeterminable" or otherwise unknown, Business Partners must either attain the appropriate certifications, or phase out that source of mineral.

### **4.4 Counterfeit parts**

We expect Business Partners to develop, implement and maintain effective methods and processes appropriate to their products to minimize the risk of counterfeit parts and materials being delivered. Effective processes must be in place to detect report and quarantine counterfeit parts and materials and to prevent such parts from re-entering the supply chain. If counterfeit parts and/or materials are detected or suspected, Business Partners must provide immediate notification to the recipient of such counterfeit parts and/or materials.

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## **4.5 Product Safety and Quality**

We expect our Business Partners to comply with all laws and regulations on product safety and quality, whilst delivering products and/or services to agreed product safety and quality standards.

We expect our Business Partners to have in place quality assurance processes to identify any defects and implement corrective actions.

## **4.6 Money Laundering Prevention**

We expect our Business Partners to comply with the legal regulations on money laundering prevention.

# **5. Maintain Accurate Records**

We expect our Business Partners to have in place appropriate controls to accurately and securely create, store and maintain business records and not to alter any record entry to conceal or misrepresent the underlying transaction. 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 must be retained based on the applicable retention requirements.

# **6. Information Protection**

## **6.1 Protecting Sensitive, Confidential and Proprietary Information**

We expect Business Partners to ensure that all sensitive, confidential and proprietary information is appropriately protected.

Business Partners must comply with applicable data privacy laws in the collection, processing and transfer of personal data and information.

Business Partners must not use information for any purpose (e.g., advertisement, publicity, and the like) other than the business purpose for which it was provided, unless there is prior authorization from the owner of the information.

Business Partners must protect the sensitive, confidential and proprietary information of others, including personal data/information, from unauthorized access, destruction, use, modification and disclosure through appropriate physical and electronic security procedures, including mitigating emerging risks to information systems by implementing appropriate IT cyber security programs.

Business Partners must report any suspected or actual breach or security incident to Diehl as soon as they become aware of it, if the data breach/security incident affects the business relationship.

## **6.2 Protection of Intellectual Property**

Business Partners must comply with all applicable laws governing intellectual property rights assertions, including protection against disclosure. Moreover, Business Partners must respect the intellectual property of other natural persons and legal entities and may only use the relevant information, computer

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programs or processes only in accordance with the respective license agreements or within the framework of legal provisions.

### **6.3 Insider Trading**

Business Partners and their personnel may not use any material or non-publicly disclosed information obtained in the course of their business relationship as a basis for trading or enabling others to trade in the stock or securities of any company.

## **7. Payment of Taxes**

Business Partners must ensure that they comply with all applicable tax laws and regulations in the countries where they operate and are open and transparent with the tax authorities. Under no circumstances may Business Partners engage in deliberate illegal tax evasion or facilitate such evasion on behalf of others.

As such, Business Partners must put in place effective controls to minimize the risk of tax evasion or its facilitation, and provide appropriate training, support and whistleblowing procedures to ensure that their employees understand and implement them effectively and can report any concerns.

## **8. Timely Payment of Subcontractors**

We expect fair and reasonable payment practices and prompt payment of undisputed and valid invoices from our Business Partners in accordance with the agreed upon contractual payment terms.

## **9. Risk Management**

We expect Business Partners to actively manage risks in accordance with applicable legal regulations and not to pass down risks inappropriately to subcontractors or third parties. Business Partners must share information on risks to ensure risks can be mitigated.

## **10. Due diligence and responsibility in the supply chain**

### **10.1 Basic principle**

We expect our Business Partners to conduct their business and operations in a way that respects human rights, based on internationally recognized human rights and the UN Guiding Principles on Business and Human Rights, as well as the four fundamental principles of the ILO Core Labor Standards.

We expect our Business Partners to treat their employees and the employees of their subcontractors with dignity and to promote fair employment practices and relationships. In particular, this includes providing fair and competitive wages, prohibiting harassment, bullying and discrimination, prohibiting use of child, forced, bonded or indentured labor, and not engaging in human trafficking for any purpose.

The fulfillment of due diligence obligations, in particular the safeguarding of the protected legal positions listed below, and the acceptance of responsibility regarding the supply chains by the Business Partners within the Diehl Group's supplier network is of central importance to Diehl. Business Partners therefore undertake to address, perform, monitor and assume responsibility for the due diligence obligations set

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out in this Code of Conduct and the safeguarding of protected legal positions in their supply chain by entering into agreements with their subcontractors. For this purpose, Business Partners must identify risks and actual adverse impacts on human rights and the environment in connection with their activities and business relationships and to inform the responsible persons and their management thereof as part of internal risk management. They are required to take appropriate steps to identify, prevent, reduce and ensure that their operations do not contribute to or cause human rights abuses or environmental violations, and to remedy any adverse impacts directly caused, or contributed to, by their activities or business relationships.

### **10.1.1 Human Rights Due Diligence**

Our Business Partners are obliged to ensure compliance with:

1. the prohibition of employing a child under the age at which compulsory education ends according to the law of the place of employment, provided that the age of employment is not less than 15 years; this shall not apply if the law of the place of employment deviates therefrom within the meaning of Article 2, paragraph 4, and Articles 4 to 8 of No. 138 of the International Labor Organization Convention of June 26, 1973, concerning the Minimum Age for Admission to Employment;
  2. the prohibition of the worst forms of child labor for children under the age of 18; this includes, pursuant to Article 3 of International Labor Organization Convention No. 182 of June 17, 1999, the prohibition and immediate action for the elimination of the worst forms of child labor.
  3. the prohibition of the employment of persons in forced labor, which includes any labor or service which is required of a person under penalty of punishment and for which he or she has not volunteered, for example as a result of bonded labor or human trafficking. Exceptions to forced labor are labor or services that are compatible with Article 2, para. 2, of the International Labor Organization Convention No. 29 of June 28, 1930, concerning Forced or Compulsory Labor, or with Article 8, Letters b and c, of the International Covenant of December 19, 1966, on Civil and Political Rights;
  4. the prohibition of all forms of slavery, slave-like practices, servitude or other forms of domination or oppression in the workplace environment, such as extreme economic or sexual exploitation and humiliation;
  5. the prohibition of disregarding the obligations of occupational health and safety applicable under the law of the place of employment, if this results in the risk of accidents at work or work-related health hazards, in particular due to:
    - a. apparent inadequate safety standards in the provision and maintenance of the workplace and work equipment,
    - b. the lack of appropriate protective measures to avoid exposure to chemical, physical or biological substances,
    - c. the absence of measures to prevent excessive physical and mental fatigue, in particular through improper labor organization in terms of working hours and breaks; or
    - d. the inadequate training and instruction of employees;
- We expect our Business Partners to respect the right of their employees to leave the workplace after their shift and to provide employees with regulated hours of work, daily and weekly rest periods and annual leave in accordance with the law of the place of employment;
6. the prohibition of violation of the freedom of association, according to which
    - a. employees are free to form or join trade unions,



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- b. the formation, joining and membership of a trade union may not be used as a reason for unjustified discrimination or retaliation,
  - c. Unions may operate freely and in accordance with the law of the place of employment; this includes the right to strike and the right to collective bargaining;

"freely" means, in particular, that workers may exercise their rights without fear of harassment, intimidation, punishment, interference or reprisal;

- 7. the prohibition of unequal treatment in employment, for example on the basis of national and ethnic descent, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief, unless this is justified by the requirements of the employment; unequal treatment includes in particular the payment of unequal remuneration for work of equal value;

We expect our Business Partners to provide employees with a work environment that is free from physical, psychological, sexual and verbal harassment, intimidation or other abusive behavior;

- 8. the prohibition of the withholding of a reasonable wage; the reasonable wage shall be at least the minimum wage established by the applicable law and shall otherwise be determined by the law of the place of employment;

We expect our Business Partners to provide, in addition to the aforementioned minimum wage, the (social) benefits prescribed by the same principles. In addition to being paid for regular working hours, employees must be paid for overtime at the statutory premium rate or, in countries where such laws do not exist, at least at the level of their regular hourly rate or other appropriate compensation, e.g. time off in lieu. Business Partners must not allow wage deductions as a disciplinary measure or any other deductions not stipulated by national laws. We expect our Business Partners to respect the right of employees to terminate their employment after reasonable notice and to receive the full salary owed. Business Partners shall not withhold any form of employee identification (passports or work permits) and shall not destroy or deny access to such documents as a condition of employment, unless required by law. Business Partners must not directly or indirectly demand fees, recruitment costs or deposits from employees as a precondition of employment;

- 9. the prohibition of causing harmful soil alteration, water pollution, air pollution, harmful noise emission or excessive water consumption which

- a. substantially impairs the natural basis for the preservation and production of food,
- b. denies a person access to safe drinking water,
- c. impedes or destroys a person's access to sanitary facilities; or
- d. harms a person's health;

- 10. the prohibition of unlawful evictions and the unlawful deprivation of land, forests and waters associated with the acquisition, development or other use of land, forests and waters, the use of which secures a person's basis of existence;

- 11. the prohibition of hiring or using private or public security forces for the protection of the business project if, due to a lack of instruction or control on the part of the company in the use of the security forces

- a. the prohibition of torture and cruel, inhuman or degrading treatment is disregarded,
- b. life or limb is violated, or
- c. the freedom of association and organization are impaired;

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12. the prohibition of an act or omission contrary to duty which exceeds numbers 1 to 11 and which is directly capable of impairing a protected legal position in a particularly serious manner and whose illegality is obvious upon a reasonable assessment and consideration of all the circumstances in question.

### **10.1.2 Environmental Due Diligence**

We expect our Business Partners to value a sustainable and responsible approach to the environment as well as natural resources. Therefore, in the course of their business activities, they must strive to continuously improve the environmental performance of their locations, products and services, and actively manage environmental risks across their operations, products and supply chain.

We expect our Business Partners to have an appropriate environment management system in place at their locations, including directives and procedures aimed at ensuring compliance with laws, regulations and other binding obligations in order to improve environmental performance and protect the environment from harmful effects. In doing so, Business Partners shall aim to continuous reduction of consumption of energy, water and natural resources, and ensure a legally compliant handling of waste, wastewater and hazardous substances. Business Partners shall minimize hazardous waste, ship goods in appropriate repackaging and promote reusable / recycled packaging materials, and responsibly manage their air emissions.

Furthermore, Business Partners must incorporate environmental aspects into their own product development and services. We expect our Business Partners to be committed to environmentally compatible, advanced and efficient technologies and to implement them over the entire life cycle of their products.

Our Business Partners are committed to safeguarding:

1. the prohibition of the manufacture of mercury-added products in accordance with Article 4(1) and Annex A, Part I of the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention);
2. the prohibition of the use of mercury and mercury compounds in manufacturing processes as defined in Article 5(2) and Annex B, Part I, of the Minamata Convention from the phase-out date specified for the respective products and processes in the Convention;
3. the prohibition of the treatment of mercury waste contrary to the provisions of Article 11(3) of the Minamata Convention;
4. the prohibition of the production and use of chemicals under Article 3(1)(a) and Annex A of the Stockholm Convention of 23 May 2001 on Persistent Organic Pollutants (POPs Convention) and of the Council of 20 June 2019 on Persistent Organic Pollutants (Commission Delegated Regulation (EU) 2021/277 of 16 December 2020);
5. the prohibition of non-environmentally friendly handling, collection, storage and disposal of waste in accordance with the regulations in force in the applicable jurisdiction under the terms of Article 6(1)(d)(i) and (ii) of the POPs Convention;
6. the prohibition of exports of hazardous waste as defined in Article 1(1) and other waste as defined in Article 1(2) of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention) and as defined in Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (Regulation (EC) No 1013/2006):
  - a. to a Party that has prohibited the import of such hazardous and other wastes (Article 4(1)(b) of the Basel Convention),

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- b. to an importing country, as defined in Article 2(11) of the Basel Convention, that has not given its written consent to the particular import, if that importing country has not prohibited the import of such hazardous waste (Article 4(1)(c) of the Basel Convention),
  - c. to a non-Party to the Basel Convention (Article 4(5) of the Basel Convention),
  - d. to an importing country if such hazardous waste or other waste is not being managed in an environmentally sound manner in that country or elsewhere (Article 4 paragraph 8 sentence 1 of the Basel Convention);
7. the prohibition of exports of hazardous waste from countries listed in Annex VII to the Basel Convention to countries not listed in Annex VII (Article 4A of the Basel Convention, Article 36 of Regulation (EC) No 1013/2006); and
  8. the prohibition of the import of hazardous wastes and other wastes from a non-Party to the Basel Convention (Article 4(5) of the Basel Convention).

All laws and conventions referred to in Clauses 10.1.1 and 10.1.2 always refer to the most recent version.

## **10.2 Action taken by the Business Partner to comply with Due Diligence obligations**

Our Business Partners undertake to implement appropriate policies, procedures and other measures to identify, prevent and reduce risks to and violations of the due diligence obligations set out in Sections 10.1.1 and 10.1.2 and to ensure that its operations do not contribute to or cause human rights abuses or environmental violations, in particular against those set out in Sections 10.1.1 and 10.1.2, and to address any negative impacts directly caused or contributed to by its operations or business relationships. Business Partners shall provide training to their employees and subcontractors regarding the obligations of this Code of Conduct. Upon request by Diehl, proof of training shall be provided immediately.

## **11. Sustainability Reporting**

Business Partners must prepare and publish Sustainability Reports in accordance with the applicable legal requirements.

## **12. Ethics Program**

### **12.1 Directives and Code of Conduct**

We expect our Business Partners to implement and adhere to their own Code of Conduct in their business (including their affiliated companies) containing the expectations of our Code of Conduct. Business Partners shall require their employees to make ethical, value-based decisions in doing business.

Superiors and managers have a special role model function and must ensure that their employees are familiar with the content of this Code of Conduct. The managers must implement preventive measures in their area to prevent violations. We expect from our Business Partners that violations with disciplinary measures, without any further civil and/or criminal consequences, can be punished.

We expect our Business Partners to provide employees and third parties with access to appropriate reporting channels to seek advice or raise legal or ethical concerns without fear of retaliation, including

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the option to report anonymously. We also expect our business partners to take steps to prevent, detect and correct retaliation.