

Supplier Code of Conduct (SCoC) – Vaillant Group | 02.11.2020

When conducting its business operations, the Vaillant Group adheres to the principles and values set out in its Code of Conduct, which expresses the corporate values and the standards which the Vaillant Group sets herself regarding, inter alia, health and safety, environment, labor, human rights and compliance.

In addition, as a long-standing participant in the UN Global Compact, the Vaillant Group expressly recognizes the Ten Principles of the Global Compact initiative.

Such principles and standards also apply to suppliers and they are specifically set out in this Supplier Code of Conduct. The Vaillant Group expects that all suppliers acknowledge and follow this Supplier Code of Conduct.

Suppliers must operate in full compliance with the laws, rules and regulations of the countries in which they operate. If, however, there are differing standards between this Code of Conduct and local law, the strictest requirement must be met.

Human and Labor Rights

Suppliers should seek to identify potential and actual adverse human rights impacts related to their activities and business relationships. They should take appropriate steps to ensure their operations do not contribute to human rights abuses and to remedy any adverse impacts directly caused or contributed to. For their own employees and contract workers, we expect suppliers (at a minimum):

- **Legal employment:** To ensure that work is performed on the basis of a recognized and documented employment relationship in compliance with national legislation, custom or practice and international labor standards, whichever provides greater protection;
- **Prohibition of child labor:** To prohibit and refrain from any kind of child labor;
- **Protection of young workers:** That young workers below the age of 18 shall neither perform hazardous work, nor work overtime or at night and are protected against conditions of work which are harmful for their health, safety, morals or development. Young workers must be above a country's legal age for employment or the age established for completing compulsory education;
- **Prohibition of forced labor:** To prohibit any kind of forced, bonded (including debt bondage) or indentured labor, slavery or human trafficking in their organization and any contribution to it; suppliers shall ensure that workers do not pay fees or make any payment connected to obtaining employment throughout the hiring process and the employment period;



- **Non-discrimination:** To promote equal opportunities and equal treatment. Furthermore, we expect our suppliers to confront any workplace discrimination effectively;
- **Prohibition of torture and degrading treatment:** To prohibit and refrain from any unacceptable treatment of employees, such as mental cruelty, corporal punishment, abuse, or sexual harassment;
- **Freedom of association and right to collective bargaining:** To respect the right of their employees, to the full extent of applicable laws, rules, and regulations, to form a workers council, collective bargaining unit or other employee representations, and to enter into collective bargaining. In countries where this right is restricted by local laws, employees should have the opportunity to form alternative means of association;
- **Limitation of overtime:** That a workweek shall be restricted to a maximum of 60 hours, including overtime, and workers shall have at least one day off every seven days except in emergencies or unusual situations. All overtime must be voluntary;
- **Legal minimum wage:** Furthermore, we expect that the employees of our suppliers receive wages that are in line with applicable national statutes or, in nations where no minimum wage legislation exists, wages are consistent with applicable local industry benchmarks;
- **Access to sanitation and clean water:** Supplier shall provide workers with reasonably accessible and clean toilet facilities and potable water.

Health and Safety

Suppliers shall provide a safe and secure workplace and where applicable safe and healthy residential facilities for all employees which meet or exceeds industry standards.

- The supplier shall comply with the respective statutory provisions governing health and safety at work. In this respect, the supplier shall set up and further develop a management system in accordance with OHSAS 18001 or ISO 45001 within the realms of its possibilities;
- The supplier shall take appropriate action to prevent and manage potential workplace accidents and illnesses;
- Our suppliers are expected to have adequate emergency preparedness procedures in place in order to identify and assess potential emergency situations, which include at a minimum appropriate fire detection and suppression equipment, adequate exit facilities and building safety;
- Suppliers and their agents must understand and comply with applicable Vaillant Group safety procedures and policies while on site at a Vaillant Group facility.



Environmental Considerations

Suppliers shall operate in an environmentally responsible and efficient manner to minimize the adverse impact on the environment.

The supplier shall comply with the respective statutory provisions governing environmental protection. In this context, the supplier shall set up and further develop a management system in accordance with DIN ISO 14001 within the realms of its possibilities.

- Suppliers shall identify all environmental aspects and take appropriate actions to address these, including resource consumption, emissions, chemicals and waste;
- Suppliers should have a risk prevention plan in place - in order to manage environmental accidents.

Responsible Sourcing of Raw Materials

We expect our suppliers to take steps to determine if their products contain potential conflict minerals (e.g. tin, tantalum, gold, and tungsten) and if so, implement supply chain due diligence processes to identify sources of these minerals and support efforts to eradicate the use of conflict minerals which directly or indirectly finance or benefit armed groups in conflict-affected and high risk areas.

Suppliers shall make their due diligence measures available to the Vaillant Group upon request. Suppliers shall exercise an analysis on relevant critical materials (e.g. rare earths) in their supply chains and develop particular policies and management systems in order to identify applicable risks and take appropriate steps to mitigate them.

Responsible & Ethical Business Behavior

Suppliers are expected to conduct their business in an ethical manner, including relationships with their employees, customers, suppliers, competitors and other third parties. In particular, suppliers will respect the following principles:

- **Avoidance of Conflicts of Interest**

Suppliers must avoid any conflicts of interest, or the appearance of conflicts of interest, including the disclosure of any material transaction or personal or professional relationships that reasonably could be expected to give rise to such a conflict. In addition, suppliers must not take advantage of any business information discovered through their dealings with the Vaillant Group.

- **Compliance with Anti-Trust Laws**

Suppliers must always compete in a fair manner and comply with applicable antitrust laws and regulations.



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- **Compliance with Anti-Corruption Laws**

Suppliers must comply with all applicable anti-corruption laws, rules, and regulations and adhere to the respective principle set out in the UN Global Compact.

- **Compliance with Data Privacy and Data Security Laws**

Suppliers are expected to comply with all applicable laws and prevailing industry standards concerning the privacy and security of personal and confidential information.

- **Compliance with Intellectual Property Laws**

Suppliers will protect any of the Vaillant Group's intellectual property rights (including, but not limited to, patents, trademarks, copyrights, trade secrets, and/or Vaillant Group confidential information) within the customer/supplier relationship.

- **Compliance with Anti-Money Laundering Laws**

Suppliers will comply with any relevant anti-money laundering law provisions.

Whistleblower Mechanism & Protection of Whistleblowers

- The Vaillant Group has implemented the web-based whistleblower system BKMS that is, inter alia, open to external third parties such as suppliers;
- Suppliers shall also have a grievance system in place enabling anonymous reporting of alleged violations. If no other mechanism is in place, violations can also be reported via the Vaillant Group BKMS whistleblower system (<https://www.bkms-system.net/vaillant>);
- Suppliers shall have policies or procedures in place to protect their employees who, in good faith, report suspected wrongdoing to alleged violations.



Documentation and Review Policy

The supplier is required to confirm at the outset of working with the Vaillant Group in writing that it has read, understood, and complies with this Code. The Vaillant Group shall have the right to review and to audit suppliers' compliance with the principles and requirements of this Code. In this case, the supplier is obliged to provide corresponding audit documents. The supplier shall correct non-conformities at no additional cost to the Vaillant Group.

The supplier must inform the Vaillant Group of relevant changes to the company structure, which affect the production sites. Vaillant reserves the right to reconfirm the Supplier Code of Conduct if necessary.

This Code does not supersede the terms of any contractual agreement. In the event of any conflict between the Code and any terms or conditions of any contractual agreement between the Vaillant Group and the supplier, the more stringent of the requirements shall apply.

The Code shall be regarded as a contract document and as an integral part of any existing or potential agreement entered into between the Vaillant Group and the supplier.

We reserve the right to take appropriate legal action if a business partner of the Vaillant Group does not comply with these requirements. The ultimate course of action depends, in particular, on whether the business partner can credibly assure and demonstrate that it has taken immediate countermeasures to prevent similar infringements in the future.

We hereby confirm that we acknowledge and follow this Supplier Code of Conduct.

Company name/stamp: _____

Place, Date: _____

Name (block letters): _____

Signature: _____

Function of signee: _____

