

MOTORDETAL-KONOTOP TOV

SUPPLIER CODE OF CONDUCT

The Motordetal-Konotop TOV Supplier Code of Conduct contains the minimum standards of behavior and Sustainability Requirements our Company requires of our suppliers and partners who supply product or services related to purchase contracts or purchase orders.

HUMAN RIGHTS AND WORKING CONDITIONS

Suppliers must share our principles that all people should be treated with respect and dignity. Suppliers shall respect international human rights principles aimed at promoting and protecting human rights, including United Nations Declaration of Human Rights and the European Convention for the Protection of Human Rights and Fundamental Freedoms and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

Child labor and young workers

- Suppliers shall not accept directly or indirectly child labor or any practice that inhibits the development of children.
- Suppliers shall not employ anyone under the age of 15 years unless the exceptions recognized by the ILO 138 Minimum Age Convention (article 6, 7) apply.
- Suppliers shall ensure that legally young workers under 18 years of age do not work overtime or at night and are protected against conditions of work which are harmful for their health, safety, morals or development consistent with ILO Minimum Age Convention no. 138.

Wages and benefits / Working hours

- Suppliers shall assess performance objectives in a fair and consistent manner.
- Suppliers shall ensure that all wages meet local minimum wage requirements.
- Suppliers shall ensure that any overtime is voluntary and workers receive adequate compensation for any overtime worked.
- Suppliers shall ensure that the standard working hours do not exceed legal limits and over time do not exceed the maximum allowed by law.
- Suppliers shall not withhold payments, apply penalties or make any deductions from wages, unless prescribed by law or fixed by collective agreement.

The elimination of all forms of forced and compulsory labor

- Suppliers shall not use any form of nonvoluntary labor including forced, compulsory, trafficked, slavery, slave-like practices, servitude, modern slavery, prison or debt-bonded labor. Labor shall be freely given and employees shall be free to leave in accordance with established rules.
- Suppliers shall not require paying any fees or cost for uniforms, personal protective equipment or other expenses needed to obtain and retain employment. If case such fees or expenses are found, they must be repaid immediately.
- Suppliers shall only employ workers who are legally allowed to work in the receiving country.

Ethical recruiting

- Suppliers shall hire workers lawfully, in line with International Labor Standards, and in a fair and transparent manner that respects human rights.

- Suppliers shall provide all employees with a written contract in a language understood by them. The content of the contract must be explained verbally in clear and understandable terms. The contract must clearly state the voluntary nature of employment and procedures of leaving the job.
- Suppliers shall not at any time withhold employees' original identification documents.

Freedom of association and recognition of the right to collective bargaining

- Suppliers shall uphold that the decision on whether to join, a trade union or not is an individual choice.
- Suppliers shall respect the right of all workers to establish and join a trade union of their choice without fear of intimidation or reprisal, in accordance with national law.
- Suppliers shall not interfere with the activities of worker representatives while they carry out their functions in ways that are not disruptive to regular company operations.
- Suppliers shall recognize and admit the right to collective bargaining, as a process of negotiations between employers and a group of employees, aimed at reaching an agreement that regulates working conditions.

Non-discrimination and harassment

- Suppliers shall select and place employees on the basis of their qualifications for the work to be performed, – without regard to gender, birth, age, race, color, genetic features, ethnic or social origin, caste, disability, language, national or territorial origin, nationality, membership of a national minority, religion or other belief, union membership or membership in any other legitimated organization, political affiliation or opinion, sexual orientation, gender identity or expression, family responsibility, marital status or other conditions that could give rise to discrimination.
- Suppliers shall not tolerate bullying, harassment or unlawful discrimination of any kind and encourage employees to take action about any instance which they experience or observe.
- Suppliers shall ensure that employees are not subject to any physical or psychological inhumane treatment, corporal punishments, threats or false promises.
- Suppliers shall not tolerate or engage in any threats, intimidation, physical or legal attacks against human rights defenders, including, but not limited to, trade unionists and environmental defenders.
- Suppliers shall not behave in a manner that is disrespectful, bullying, intimidating, offensive or malicious, or make jokes which are discriminatory or inappropriate.
- Suppliers shall not engage in sexual harassment including unwelcome physical contact, expressions, gestures, comments or invitations.
- Suppliers shall make decisions about the recruitment, selection and development of employees based on objective criteria, including qualifications, skills and experience.

Women's rights

- Suppliers shall support gender equality in recruitment and career progression.
- Suppliers shall share our principle that women are entitled to political, economic and social equality, and shall provide women equal opportunity in employment and equal pay for equal work as declared in Convention on the Elimination of All Forms of Discrimination against Women.

Diversity, equity and inclusion

- Suppliers shall promote an inclusive workplace in which every individual feels respected and valued.

- Suppliers shall ensure a zero-tolerance approach to discrimination based on age, disability, gender, marital or civil partner status, parental status (including maternity and paternity status), race, nationality, ethnic or national origin, religion or belief, sexual orientation or any other personal characteristic.
- Suppliers are expected to develop an inclusive culture where diversity is valued and equal opportunities are promoted for all employees.

Rights of minorities and indigenous peoples

- Suppliers shall respect the rights of local communities to decent living conditions, education, employment, social activities, and the right to Free, Prior, and Informed Consent (FPIC) to developments that affect them and the lands on which they live, with particular consideration for the presence of vulnerable groups.

Land, forest and water rights and forced eviction

- Suppliers shall make a commitment not to enforce unlawful eviction and the unlawful deprivation of land, forests and waters in the acquisition, development or other use of land, forests and waters, the use of which secures a person's livelihood.

Use of private or public security forces

- Suppliers shall commit to not engage or deploy private or public security forces for the protection of a business project, if, due to a lack of training or control on the part of the company, the deployment of the security forces may lead to violation of human rights.

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

Suppliers shall ensure safe and harmless working conditions, eliminate hazards and minimize risks, observe and implement labor legislation and other legal acts, conduct consultations to employees and involve them in active participation in all elements of the system and constantly improve occupational health and safety management system.

Occupational health and safety (OH&S)

- Suppliers shall comply with the requirements of the international standard ISO 45001:2018, the Law of Ukraine "On Occupational Safety", regional and industry requirements regulating their work in the field of health and occupational safety.
- Suppliers shall identify, reduce and minimize occupational risks affecting the health and safety of employees by implementing effective preventive measures.
- Suppliers shall systematically monitor the state of working conditions and ergonomics at the workplace, providing and using of Personal Protective Equipment (PPE), safe handling of chemicals, machine and equipment safety.
- Suppliers shall ensure a high level of occupational health and safety culture to their company's employees through their centralized training, consultations and lectures.
- Suppliers shall timely review, amend and improve their company's policy in the field of occupational health and safety.
- Suppliers shall timely develop appropriate actions for all identified risks to ensure the appropriate level of occupational safety of the company's facilities and processes.

- Suppliers shall identify possible fire hazard, accident and emergency situations, develop and implement appropriate actions to respond to them.
- Suppliers shall maintain and systematically analyze the occupational health and safety management system in order to continuously improve its suitability, efficiency and effectiveness.
- Employees shall always have the right to refuse unsafe work and report unsafe situations without any reprisals.
- Suppliers shall ensure that employees have appropriate personal protective equipment, machine and safety equipment and accessible instructions on their proper use. These instructions shall be communicated to, and understood by, concerned employees.

BUSINESS ETHICS

Suppliers shall conduct business ethically and in accordance with the law.

Anti-bribery and corruption

- Suppliers shall have a zero tolerance policy for bribery and corruption.
- Suppliers shall not offer, give or accept anything of value that can be viewed as, or has the effect of, improperly influencing business decisions.
- Suppliers shall only appoint intermediaries (such as consultants and distributors) of known integrity and require that their conduct meets our standards at all times.
- Suppliers shall not make facilitation payments or permit others to make them on their behalf.
- Suppliers shall comply with anti-bribery and corruption laws and policies and procedures that prevent bribery and corruption.

Money laundering

- Suppliers shall maintain business relationships with partners whose integrity they rely on.
- Suppliers shall ensure that the relevant legal provisions regarding that the applicable legal money laundering and terrorism financing provisions are not breached.

Personal information and data protection

- Suppliers shall be committed to protecting the privacy and confidentiality of their employees.
- Suppliers must be responsible to keep personal information secure and observe the privacy of individuals.
- Suppliers shall respect the rights of individuals whose personal information you process.
- Suppliers shall only create, save, process, disclose and transfer personal information in line with applicable laws.
- Suppliers shall not access or disclose personal information to anyone inside or outside the organization unless the disclosure is in line with applicable laws and our company policies.

Financial responsibility / Accurate records

- Suppliers shall maintain accurate and complete records of their business dealings, including all transactions between their business and external individuals and organizations, and all expenditure and labor charges.

- Suppliers shall act in line with the law and applicable technical and professional standards.
- Suppliers shall prepare our financial records in a timely manner, representing the facts accurately and completely.
- Suppliers shall be committed to the prevention and detection of fraud and will investigate any suspicion of fraudulent activity.
- Suppliers shall record all expenditure, hours worked, transactions or any other aspect of the Company's business, accurately, in a timely manner and in accordance with local procedures.
- Suppliers shall preserve documents and records in accordance with applicable legal requirements.
- Suppliers shall complete product inspection and testing documentation accurately and truthfully.
- Suppliers shall not allow themselves to be influenced or influence others to do anything that would compromise the integrity of their business records, reports, products or services.
- Suppliers shall not make a false or deliberately misleading entry in a report, record or expense claim or falsify any corporate records (e.g. financial, safety, environmental or quality results).

Disclosure of information

- Suppliers shall be committed to have responsibility to disclose financial and non-financial information in accordance with applicable regulations and prevailing industry practices and, when applicable, disclose information regarding labor force, health and safety practices, environmental practices, business activities, financial situation and performance.

Fair competition and antitrust

- Suppliers shall conduct business in an honest and straightforward way.
- Suppliers shall comply with all relevant competition and antitrust laws.
- Suppliers shall not coordinate or market conduct with competitors or suppliers that may improperly restrict competition.

Conflicts of interest

- Suppliers shall avoid any relationship, influence or activity that will impair our ability to make fair and objective decisions when performing their jobs.
- Suppliers shall make sure that conflicts of interest are disclosed, managed and recorded.
- Suppliers shall discuss with their manager any personal or professional relationships that could give rise to a conflict of interest.

Respecting the confidential information and intellectual property of others

- Suppliers shall treat all other parties' confidential, proprietary or trade secret information with integrity and in compliance with the relevant laws and regulations and preserve, protect and responsibly use all customer's assets they have access to.
- Suppliers shall preserve, protect and responsibly use all customers' assets they have access to. This includes tangible as well as intangible assets, such as brands, technology, business information and intellectual capital.

Counterfeit parts

- Suppliers shall be committed to prevent the purchase and use of counterfeit parts.

Export and import controls and obligations / Economic sanctions

- Suppliers shall comply with the applicable import and export laws, regulations and procedures that apply to their operations.
- Suppliers shall attain all necessary export / import authorization and permits where required.
- Suppliers shall be committed to all restrictions on the export or re-export of goods, software, service and technology, as well as with applicable restrictions on trade involving certain countries, regions, companies or entities and individuals.

Whistleblowing and protection against retaliation

- Suppliers shall not retaliate by direct or indirect administration decision and/or action that is threatened, recommended or taken against an individual who has reported suspected wrongdoing or cooperated with an investigation of a report of wrongdoing.

ENVIRONMENT

Suppliers shall prevent the harmful impact of production on the environment, the company's employees and the population, comply with the requirements of national legislation and other obligations related to environmental aspects and risks, as well as constantly improve their environmental management system.

Environment management

- Suppliers shall comply with the requirements of the international standard ISO 14001 and other environmentally oriented applicable laws, regulations and requirements.
- Suppliers shall control within the established limits, assess, seek to reduce or completely eliminate pollution of atmospheric air, water and soil related to their activities. Suppliers shall not cause harmful soil modification in order not to degrade soil quality.
- Suppliers shall reduce specific emissions of pollutants and greenhouse gases (GHG) into the atmosphere so that the environmental performance indicators could be improved along the supply chain and provide with GHG emissions reporting if possible.
- Suppliers shall minimize the generation of waste, store and dispose of it in an ecologically safe way. Suppliers are also expected to ensure that waste is collected and disposed of in compliance with relevant laws and in a way that prevents or minimizes adverse environmental impacts.
- Suppliers shall apply technologies that allow reuse of production waste.
- Suppliers shall increase the amount of electrical energy from renewable and alternative energy sources to ensure energy efficiency.
- Suppliers shall protect the environment, including the rational use of biological resources, reducing the impact on climate change, and protecting the biodiversity of plants and animals.
- Suppliers shall rationally consume and save energy resources, using energy-saving technologies.
- Suppliers shall implement rational land use and restoration of damaged lands.
- Suppliers shall use in production environmentally safe materials (chemical substances) in accordance with Regulation (EC) No 1907/2006 REACH.
- Suppliers shall reduce the level of noise emissions.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Purchase Department of Motordetal-Konotop TOV is responsible for communicating the Supplier Code of Conduct to all our suppliers.

We expect our suppliers to adhere to the Motordetal-Konotop TOV Supplier Code of Conduct and expect our suppliers to cascade these principles to their own suppliers in order to ensure alignment across the supply chain.

The Motordetal-Konotop TOV Supplier Code of Conduct applies to all suppliers and sub-contractors of goods and services. Such suppliers and sub-contractors shall ensure that the requirements in the Motordetal-Konotop TOV Supplier Code of Conduct are implemented in relation to all of their respective employees, including permanent, temporary, agency workers and any other individuals directly or indirectly performing work for the relevant suppliers and/or sub-contractors.

The requirements of the Motordetal-Konotop TOV Supplier Code of Conduct are based on the CODE OF CONDUCT AND BUSINESS ETHICS MOTORDETAL-KONOTOP TOV.

Communicating our Sustainability Requirements to the Supplier

The following channels will be used to communicate our Sustainability Requirements to our suppliers:

- incorporating requirements in Purchase Terms and Conditions within our supplier contracts;
- publishing the Supplier Code of Conduct on our company's website;

Verification of Compliance with the Sustainability Requirements

The following actions and processes will be used to review if suppliers fulfill our Sustainability requirements:

- 3rd party audits conducted by an accredited certification body;
- 2nd party audits conducted by Motordetal-Konotop TOV;
- Sustainability self-assessment questionnaire and feedback letters that state that suppliers will ensure compliance with the requirements stated in the Motordetal-Konotop TOV Supplier Code of Conduct in their supply chain.

In the event of non-compliance by a supplier with the requirements set out in the Motordetal-Konotop TOV Supplier Code of Conduct, the supplier shall take all appropriate measures to prevent, stop or minimize the extent of such non-compliance and prove that it has initiated countermeasures to prevent similar violations in the future.