

BWI Group Supplier Code of Conduct and Sustainability Policy



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GUIDING PRINCIPLES

At *BWI* Group we believe that sustainable business practices apply far beyond the traditional thought processes of environmentally friendly manufacturing. Our goal is to create our products through economically sound processes that minimize negative environmental impacts while conserving energy and natural resources and promote social equality.

We expect this understanding and this mindset not only from our employees, but also from our business partners. As a team, we need to ensure legal compliance at the local, country, and international levels to protect the environment, operate ethically, and respect human rights. Our global supply base must meet the same economic, environmental, social, and governance standards that *BWI* Group sets for itself.

We believe that true sustainability can only be achieved through continuous and collaborative development and must include transparency and continuous improvement.

HOW TO USE THIS POLICY

Due to the increasing complexity and continued regulation of sustainability requirements, practices, and reporting, *BWI* group has implemented this policy as guidance for all organizations transacting business with us, here after referred to as business partners.

The following policy contains sustainability requirements and best practices for automotive suppliers as developed, influenced, and supported by global regulations, United Nations Sustainable Development Goals (UN SDGs), Organisation for Economic Co-operation and Development (OECD) Guidelines for Responsible Business Conduct, AIAG Drive Automotive Sustainability Guiding Principles, Original Equipment Manufacturers (OEM) supplier requirements, and *BWI* Group Guiding Principles.

Sections marked in this document as '**shall**' or '**must**' are required of *BWI* Group suppliers in all cases. Sections marked as '**should**' or '**may**' are considered best practices that should be adopted but are not required for *BWI* Group suppliers at this time.

For business partners transacting with other suppliers that later become part of the *BWI* Group supply chain, business partners **shall** cascade to and ensure implementation of these requirements at each level of the *BWI* Group supply chain.

To ensure compliance with these requirements, *BWI* Group needs the support of all business partners, which your company has also agreed to in accordance with section 21 of *BWI* Group Terms and Conditions.



From time to time, *BWI* Group may request information from you in support of the requirements laid out in this document with very short notice. Therefore, your company **must** prepare the necessary processes in your company and with your business partners so that you may respond to our sustainability requests.

SUSTAINABILITY REPORTING REQUIREMENTS

Business partners of *BWI* Group **must** incorporate the following sustainability reporting requirements:

- Compliance with all local regulation (e.g., Russian steel sanctions, Carbon Border Adjustment Mechanism (CBAM), Conflict Minerals reporting, etc.)
- Completion of **NQC SAQ 5.0** self-assessment with a minimum score of 70
- Reporting of recycled content of materials in **IMDS**
- Transitioning supplier operations to **100% renewable energy**
- Supplier strategic policy toward decarbonization and sustainability
- Develop and share **product carbon footprint** data to include:
 - steel production process (e.g., blast furnace [BF or BOF], electric arc furnace [EAF], etc.)
 - recycled content of material in component
 - kg of CO₂e per kg of material (from extraction to supplier completion of component, known as cradle-to-gate),
 - renewable energy consumption
 - decarbonization roadmap

Business partners of *BWI* Group **should** incorporate the following sustainability reporting requirements:

- Set Science Based Targets (SBTi) as a framework to decarbonization aligned with Paris Climate agreement plan to keep global warming below 2 degrees Celsius
- Report Greenhouse Gas (GHG) Emissions through Carbon Disclosure Project (CDP)

ENVIRONMENTAL ACTION AND CLIMATE CHANGE

Suppliers **must** develop, implement, and support a proactive approach to environmental responsibility through environmental protection practices, conserving natural resources, and reducing overall environmental footprint of production, goods, and services throughout their life cycle.

Suppliers **must** implement an environmental management system that includes the following:

- **Carbon Neutrality:** Suppliers should strive to set science-based and time-bound emission reduction goals and renewable energy objectives that are aligned with the Paris Agreement and put in place measures that drive forward the decarbonization of the entire value chain.
- **Water Quality, Consumption, & Management:** Suppliers must minimize water consumption, effectively reuse, and recycle water with responsible treatment of wastewater discharges and prevent potential impacts from flooding as a consequence of rainwater run-off, as required by and in accordance with applicable law.
- **Air Quality:** Suppliers must routinely monitor and disclose, appropriately control, minimize, and to the extent possible, eliminate emissions contributing to air pollution, as required by and in accordance with applicable law. Suppliers must assess cumulative impacts of pollution sources at their facilities and mitigate their pollution levels accordingly.
- **Responsible Chemical Management:** Suppliers must identify, minimize, or eliminate the use of restricted substances in manufacturing processes and finished products to ensure regulatory compliance. Companies must also be aware of any use of restricted substances in processes and finished products, and actively investigate suitable substitutes to maintain product and environmental stewardship.
- **Circularity:** Suppliers must promote closed loop systems by supporting the use of sustainable, renewable natural resources while reducing waste and increasing reuse and recycling.
- **Animal Welfare:** Suppliers must respect the five animal freedoms formalized by the World Organization for Animal Health (OIE) concerning animal welfare. No animal must be raised and killed for the single purpose of being used in an automotive product.

- **Biodiversity, Land Use and Deforestation:** Suppliers must protect ecosystems, especially key biodiversity areas, impacted by their operations, and avoid illegal deforestation in accordance with international biodiversity regulations, including the IUCN Resolutions and Recommendations on Biodiversity.
- **Soil Quality:** Where appropriate, suppliers must monitor and control their impact on soil quality to prevent soil erosion, nutrient degradation, subsidence, and contamination
- **Noise Emissions:** Where appropriate, suppliers must monitor and control the levels of industrial noise to avoid noise pollution.

ETHICAL BUSINESS PRACTICES

Suppliers must uphold the highest standards of integrity and operate honestly and equitably throughout the supply chain.

Suppliers must implement a management system for business ethics that includes the following:

- **Anti-Corruption and Anti-Money Laundering:** Suppliers must not participate in or endorse any corrupt practices in whatever form, including offering or accepting bribes, excessive gifts or hospitality or facilitation payments. Suppliers must not facilitate or support money laundering. Suppliers must report any suspicious transactions and be alert for signs of money laundering.
- **Data Protection and Data Security:** Suppliers must respect the privacy and civil liberties in respect of the collection, retention, use or dissemination, as well as any other processing of personal data.
- **Financial Responsibility/Accurate Records:** Suppliers must perform their business dealings in a transparent manner and accurately reflect them in the companies' financial reports and filings. Suppliers must confirm an adequate financial reporting system control is in place.
- **Disclosure of Information:** Suppliers must disclose financial and non-financial information in accordance with applicable regulations and prevailing industry practices.
- **Conflicts of Interest:** Suppliers must ensure that their employees avoid and disclose situations where their financial or other interests' conflict with job responsibilities, or situations giving any appearance of impropriety.
- **Counterfeit Parts:** Suppliers must minimize the risk of introducing counterfeit and/or diverted parts and materials into deliverable products and adhere to relevant technical regulations in the product design process.

- **Intellectual Property:** Suppliers must respect valid intellectual property rights.
- **Export Controls, Trade, and Economic Sanctions:** Suppliers must comply with applicable restrictions on the export or re-export of goods, software, services, and technology, as well as with applicable restrictions on trade involving certain countries, regions, companies or entities and individuals.
- **Grievance Mechanism:** Suppliers must establish an effective grievance mechanism (or promote access to the BWI Group's grievance mechanism) in line with UN Guiding Principle 31 that allows concerns related to business ethics, human rights, or any other topic to be raised anonymously, confidentially, and without retaliation.
- **Remediation:** Suppliers must provide for or cooperate in remediation through legitimate processes when their business activities cause or contribute to adverse environmental or social impacts.
- **Non-retaliation:** Suppliers must avoid any form of threats, intimidation, and physical or legal attacks against stakeholders, including those exercising their legal rights to freedom of expression, association, peaceful assembly, and protest against their business activities

SOCIAL EQUITY AND SAFETY

Suppliers must respect the human rights of workers, local communities, and other relevant stakeholders, and prevent and address adverse human rights impacts linked to their business activities, in accordance with the UN Guiding Principles on Business and Human Rights.

Suppliers must implement a management system for human rights and working conditions that includes the following:

- **Child Labor/Labour and Young Workers:** Suppliers must observe the minimum employment age in their business activities and throughout their supply chain in accordance with the ILO Minimum Age Convention and shall ensure that child labor/labour is not tolerated in any form.
- **Wages and Benefits:** Suppliers must provide their workers with remuneration in accordance with applicable regulations and prevailing industry practices; such remuneration must be adequate to cover basic needs and enable a decent standard of living for the workers and their families, which includes respecting minimum wages, overtime compensation, medical leave, and government-mandated benefits.
- **Working Hours:** Suppliers must comply with local laws and collective bargaining agreements (where applicable) regarding working hours or must comply with the

International Labour Organization (ILO) Standards on Working Time in the absence of relevant local regulations.

- **Modern Slavery:** Suppliers must prohibit any forms of forced, bonded or compulsory labour, including human trafficking.
- **Ethical Recruiting:** Suppliers must not mislead or defraud potential workers about the nature of the work, ask workers to pay recruitment fees, and/or confiscate, destroy, conceal, and/or deny access to worker passports and other government-issued identity documents. Workers must receive a written contract or employment notification at the start of their recruitment in a language well understood by them, stating in a truthful, clear manner their rights and responsibilities.
- **Freedom of Association and Collective Bargaining:** Suppliers must allow workers to communicate openly with management regarding working conditions and management practices without fear of reprisal, intimidation, or harassment. Companies must respect worker rights to associate freely, to join or not join labor/labour unions, bargain collectively, seek representation and join workers' councils.
- **Non-Discrimination and Harassment:** Suppliers must not tolerate any form of discrimination or harassment in respect of employment and occupation and must provide equal employment

opportunities regardless of worker or applicant characteristics such as age, gender, sexual orientation, gender identity, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union association, covered veteran status, genetic information, or marital status.

- **Women's Rights:** Suppliers must provide equal opportunity in employment and commit to equal pay for equal work.
- **Diversity, Equity, and Inclusion:** Suppliers must develop and promote inclusive cultures where diversity is valued and celebrated, and everyone is able to contribute fully and reach their full potential. Suppliers must encourage diversity in all levels of their workforce and leadership, including boards of directors.
- **Rights of Minorities and Indigenous Peoples:** Suppliers must 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 Rights and Forced Eviction:** Suppliers must avoid forced eviction and the deprivation of land, forests and waters in the acquisition, development or other use of land, forests, and waters.
- **Private or Public Security Forces:** Suppliers must not commission or use private or public security forces to protect the 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 violations of human rights.

Suppliers must provide workers with a safe and healthy working environment that meets or exceeds applicable local laws and industry standards for safety and occupational health.

Suppliers must implement a management system for a safe and healthy working environment that includes the following:

- **Workspace:** Suppliers must provide a working environment that meets or exceeds local and national safety, occupational health, and fire safety legislation, in addition to encouraging remote workers to understand and apply best practices.
- **Personal Protective Equipment:** Where applicable, suppliers must provide their workforce with the necessary Personal Protective Equipment (PPE) and ensure they understand how and when it needs to be applied.
- **Emergency Preparedness:** Suppliers must reduce the risk of occupational hazards and develop an emergency preparedness and response plan.
- **Incident and Accident Management:** Suppliers must implement hazard and risk analysis systems to minimize the potential for incidents or accidents at the workplace. An investigation system must drive to determine the root cause, and a corrective action system must ensure all permanent measures have been taken to minimize the chance of a recurrence.
- **Contractors:** Suppliers must properly manage the health and safety of contractors as part of a company's extended supply chain. Suppliers must coordinate their procurement processes to identify hazards and to assess and control risks arising from the contractor's business activity with the supplier, and the company's business activity that impacts the contractors' workers.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Suppliers should select business partners that comply with the practices of responsible business conduct and cascade the Guiding Principles along the supply chain.

Suppliers should implement a supplier management system that includes the following:

- **Due Diligence:** Suppliers should conduct due diligence on their direct suppliers and subcontractors in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct, promote transparency and traceability and use their best efforts to implement the ESG standards further along the supply chain, and cascade the Guiding Principles further along the supply chain.
- **Responsible Sourcing of Raw Materials and Minerals:** Suppliers should responsibly source raw materials and minerals used in their products by developing a management system that promotes supply chain traceability and transparency, and by implementing due diligence measures in accordance with OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

GOVERNANCE

BWI Group conducts business with the utmost integrity, upholding the legal principles of the regions where we operate and avoiding actions or relationships that might conflict or even appear to conflict with our job responsibilities or BWI’s interests.

BWI Group requires legal compliance from our employees and all business partners throughout our entire value chain, particularly with regard to corruption and fraud prevention, anti-trust matters, taxation regulations, data protection and privacy, and export controls.

In order to ensure such adherence, the BWI Group expects its business partners to implement an adequate and effective Compliance Management System within their organizations and designate members of upper management to govern and oversee compliance and reporting of sustainability items referred to in this document where possible.

Grievance Mechanism

In case of potential violations against the above-mentioned requirements, BWI Group has implemented a grievance mechanism, which is available using the links below:

- **Primary Website:** www.lighthouse-services.com/bwigroup
- **Direct URLs:**

Language Name	Direct URL
Arabic	www.lighthousegoto.com/bwigroup/ara
Chinese (Simplified)	www.lighthousegoto.com/bwigroup/csm
Chinese (Traditional)	www.lighthousegoto.com/bwigroup/ctr
Czech	www.lighthousegoto.com/bwigroup/cze
English	www.lighthousegoto.com/bwigroup/eng
French	www.lighthousegoto.com/bwigroup/fre
German	www.lighthousegoto.com/bwigroup/ger
Hindi	www.lighthousegoto.com/bwigroup/hin
Hungarian	www.lighthousegoto.com/bwigroup/hun
Italian	www.lighthousegoto.com/bwigroup/ita
Japanese	www.lighthousegoto.com/bwigroup/jpn
Polish	www.lighthousegoto.com/bwigroup/pol
Slovak	www.lighthousegoto.com/bwigroup/slo
Spanish	www.lighthousegoto.com/bwigroup/spa
Swedish	www.lighthousegoto.com/bwigroup/swe
Turkish	www.lighthousegoto.com/bwigroup/tur
Vietnamese	www.lighthousegoto.com/bwigroup/vie

- **Anonymous Reporting App:** Keyword: bwigroup
 - Detailed app instructions download [here](#)



- **Toll-Free Telephone:**

- **Direct Dial**

- **English-speaking USA and Canada: 833-352-6344**
 - Spanish-speaking USA and Canada: 800-216-1288
 - French-speaking Canada: 855-725-0002
 - Spanish-speaking Mexico: 800-681-5340

- **AT&T USADirect**

- All other countries: 800-603-2869 (must dial country access code first click [here](#) for access codes and dialing instructions)
 - **E-mail:** reports@lighthouse-services.com (must include company name with report)
 - **Fax:** (215) 689-3885 (must include company name with report)

Business Partners are encouraged to implement their own grievance mechanism but may promote the use of the *BWI* Group's grievance mechanism instead.

Escalation Process

The *BWI* Group escalation process is based on performance figures and responsibilities as well as consequences for the suppliers and measure taken by *BWI* Group. Sustainability criteria are fully integrated into the escalation process. An escalation can be started upon exceeding thresholds or event-driven for incidents with legitimate criticality. The highest escalation level of our process is equivalent to 'New Business Hold' for suppliers who fail to meet the sustainability objectives.

Upon request, the *BWI* Group requires collaboration between suppliers and sub suppliers with the intent to obtain maximum transparency in relevant high-risk supply chains down to the source of origin if needed.

REFERENCES

Substances of Concern

BWI-Substances of Concern and Recycled Content Specification-10949001.pdf

General Terms and Conditions for Indirect Purchasing

BWI-General Terms and Conditions.pdf

BWI Group Code of Conduct

Employee Code of Conduct Guide Rev 07AP20.pdf

UN Global Compact

<https://www.unglobalcompact.org/>

OECD Responsible Business Conduct

<http://mneguidelines.oecd.org/>

<http://www.oecd.org/corruption-integrity/explore/topics/business-integrity.html>

Guiding Principles on Business and Human Rights

https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up

<http://www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm>

UN Declaration on the Rights of Indigenous Peoples

<https://www.un.org/development/desa/indigenouspeoples/declaration-on-the-rights-of-indigenous-peoples.html>

ISO 14001, ISO 45001 & ISO 50001

<https://www.iso.org/home.html>

Eco-Management and Audit Scheme (EMAS)

<https://ec.europa.eu/environment/emas/>

Paris Agreement (COP 21)

<https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

CDP Supply Chain Program

<https://www.cdp.net/en/supply-chain>

Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32006R1907>

High Conservation Value Resource Network (HCV)

<https://hcvnetwork.org/>

High Carbon Stock Approach (HCSA)

<http://highcarbonstock.org/>

OHSAS 18001

<https://www.bsigroup.com/en-GB/>

Material Change Report

https://drivesustainability.org/wp-content/uploads/2018/07/Material-Change_VF.pdf

Responsible Minerals Initiative

<http://www.responsiblemineralsinitiative.org/>

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

https://www.oecd.org/en/publications/oecd-due-diligence-guidance-for-responsible-supply-chains-of-minerals-from-conflict-affected-and-high-risk-areas_9789264252479-en.html

Responsible Minerals Assurance Process (RMAP)

<http://www.responsiblemineralsinitiative.org/responsible-minerals-assurance-process/>

Initiative for Responsible Mining Assurance (IRMA)

<https://responsiblemining.net/>

UN-REDD Program

<https://www.un-redd.org/>

EU Directive 2010/63

<http://data.europa.eu/eli/dir/2010/63/2019-06-26>

German Animal Protection Law (TierSchG)

<https://www.gesetze-im-internet.de/tierschg/BJNR012770972.html>

Animal Welfare Committee (AWC)

<https://www.gov.uk/government/groups/animal-welfare-committee-awc>

OIE Terrestrial Animal Health Code

<https://www.woah.org/en/what-we-do/standards/codes-and-manuals/terrestrial-code-online-access/>

Self-Assessment Questionnaire on CSR/Sustainability for Automotive Sector Suppliers

<https://www.drivesustainability.org/compliance/>

NQC / Supplier Assurance

<https://nqc.com/automotive>

REVISION RECORD:

Revision # / Description	Date of Revision	Contact for Questions
"0" / <i>BWI</i> Supplier Sustainability Policy - Initial submission	17-Sept-21	Izabela Fiszler
"1" / <i>BWI</i> Supplier Sustainability Policy – Updated to align with revised <i>BWI</i> Sustainability policy	31-Jul-23	Sue Valascho
"2" / Document format; new logo and vision/mission picture; NQC link; OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas link; OIE Terrestrial Animal Health Code link	21-Aug-24	Maciej Niewiadomski