

Zehnder Group Supplier Code of Conduct

Zehnder Group International Ltd. ("Zehnder") together with all its affiliates strives to improve the quality of life by providing its customers the best indoor climate solutions. Our claim "Always the best climate" embodies our vision.

Long-term cooperation, mutual commitment, sustainability and social responsibility are key principles that represent our vision. Hence, Zehnder strives to implement those principles in the procurement of raw materials, semi-finished goods, finished products, services and CAPEX investments. Together, we expect our suppliers to live these principles and commitment in support of our vision.

Zehnder strives for economic, social and environmental sustainability to ensure delivery of our products to our customers and the long-term success of Zehnder and its stakeholders. Our suppliers are business partners with expertise and capabilities that we use to enable improvements in efficiency, effectiveness and business continuity. In delivering our products, our customers and stakeholders expect Zehnder to uphold high standards of responsible and ethical behavior in our operations and to hold our suppliers to the same high standards.

To honor this commitment, Zehnder has been a signatory of the United Nations Global Compact (UNGC) since 2022 and is thus committed to actively promoting the 10 UNGC fundamental principles addressing human rights, labor, the environment and anti-corruption. Our Supplier Code integrates these principles.

This Supplier Code of Conduct ("Code") applies to all Zehnder's suppliers worldwide. The requirements of this Code extend to all employees of every supplier, regardless of their role at or relationship with the supplier. Hence, this Code also applies to workers who are employed or mandated in any capacity, on short-term contracts, or on a part-time basis.

To the extent that this is reasonable and possible, suppliers will actively encourage their suppliers or contractors to comply with this Code. Notwithstanding, Zehnder may explicitly require suppliers to apply this Code to certain sub-suppliers.

Supplier must comply with this Code in every business relationship with Zehnder.

This Code is based on internal Zehnder and external guidelines and standards, namely

- the Zehnder Group Code of Conduct
- the United Nations Universal Declaration of Human Rights (UN, 1948)
- UN Guiding Principles on Business and Human Rights
- the OECD Guidelines for Multinational Enterprises
- the United Nations Convention on the Rights of the Child
- the ILO (International Labor Organization) Declaration on Fundamental Principles and Rights at Work
- ILO Forced Labor Convention No. 29
- ILO Convention No.138
- ILO Violence and Harassment Convention No.190
- ILO Forced Labor Convention No. 29
- the principles of the United Nations Global Compact



A. Human rights

As a supplier to Zehnder, supplier shall

- Respect the personal dignity, privacy and rights of each individual
- Refuse to make any person work against his or her will, and
- Prohibit behavior including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative. (ILO Violence and Harassment Convention No.190).

B. Fair Labor conditions

Supplier shall ensure fair labor conditions. In particular, supplier shall

- Refrain from employment discrimination based on gender, age, ethnicity, nationality, religion, marital status, disability, union membership, political affiliation or sexual orientation;
- Respect the rights of its employees to freely associate and bargain collectively;
- Not tolerate or use child labor in any stage of its activities;
- Ensure to hire employees only if they have passed the age for compulsory schooling or are at least 15 years old (ILO Convention No.138). Children aged between 15 and 18 are not permitted to perform work that is harmful to their health or safety or is immoral;
- Not use any forced labor, including but not limited to involuntary prison labor, victims of slavery and human trafficking and allow all employees the choice to leave their employment freely upon reasonable notice; (ILO Forced Labor Convention No. 29);
- Compensate employees fairly and follow local wage regulations and / or collective agreements, and where these do not exist, compensate employees with a wage that covers their basic needs as well as those of their family and allows them to have some discretionary income. Overtime shall be compensated according to the legal requirements. Wages shall be paid in legal tender and on a regular basis. Deductions from wages shall be transparent and must never be used as a disciplinary measure;
- Ensure that working hours, including overtime, leisure time and breaks are in line with the applicable legal legislation. If such requirements do not exist, Zehnder recommends that working hours not exceed sixty hours per week including overtime; and
- Ensure that employees are allowed at least one uninterrupted day off per week.

C. Health, safety and environmental management

Supplier shall provide a safe and healthy workplace for all of their employees and shall conduct their business in an environmentally sustainable way. In particular, supplier shall

- Formally appoint a competent person to manage health, safety and environmental programs and improvements;
- Establish appropriate organizational structures and procedures for the effective management of health, safety and environmental risks;
- Ensure that all workers are sufficiently aware of these risks and appropriately trained on the implementation of control measures;
- Ensure access to clean drinking water and sanitary facilities at all times;

- Ensure efforts to continuously minimize the environmental impact and to improve environmental protection, and
- Comply with the environmental laws and requirements in force at the place of manufacture.

D. Material compliance and conflict minerals

- At Zehnder, we are determined to comply with regulatory and customer requirements regarding the prohibition and restriction of substances, including hazardous substances and conflict minerals. Therefore, suppliers shall ensure that the goods provided to Zehnder comply with all relevant legal requirements.
- Supplier must comply with all applicable laws and regulations regarding conflict minerals that include tin, tungsten, tantalum and gold. Additionally, suppliers must establish a policy to reasonably assure that the procurement of tin, tungsten, tantalum and gold for their products does not directly or indirectly finance or benefit armed groups. Suppliers, as required by law, shall have a system in place to adequately trace and monitor the origin of these minerals and require a comparable system from their suppliers.
- Suppliers are expected to develop, implement and maintain effective methods and processes appropriate to their products to minimize the risk of introducing counterfeit parts and materials into deliverable products. In addition, suppliers shall provide notification to recipients of counterfeit product(s) when warranted and exclude them from the delivered product.

E. Business ethics

Supplier shall conduct its business in an ethical manner. In particular, supplier shall

- Refrain from any and all forms of corruption, extortion and bribery and specifically ensure that payments, gifts or other commitments to customers (including Zehnder employees), government officials and any other parties are in compliance with applicable anti-bribery laws;
- Adhere to anti-trust and other competition laws;
- Disclose to Zehnder all information regarding potential conflicts of interest in connection with its activities as a Zehnder supplier, including disclosure of any financial interest a Zehnder employee may hold in supplier's business;
- Protect all sensitive information, including confidential, proprietary and personal information provided by Zehnder and our respective business partners;
- Respect applicable laws governing intellectual property rights assertions, including protection against disclosure, patents, copyrights and trademarks, including Zehnder;
- Adhere to international trade regulations (traffic control) and export control regulations such as the international boycott list,
- protect confidential and proprietary information of others, including personal data from unauthorized access, destruction, use, modification and disclosure, through appropriate physical and electronic security procedures;
- comply with applicable data privacy laws.

F. Secure business

Supplier shall conduct its business in a safe manner. In particular, supplier shall



- Implement reasonable measures for minimizing exposure of Zehnder to security threats such as terrorism, crime, cyber-attacks, pandemics and natural disasters;
- report data breaches or cyber-attacks which may affect supply of products to Zehnder immediately.
- When visiting or working at Zehnder locations, follow Zehnder's security procedures and report any security concerns to the appropriate Zehnder channels, and
- Make all reasonable efforts to implement an emergency response program that addresses the most likely anticipated emergencies and puts in place adequate measures to mitigate risks to product supply.
- Have an adequate product safety stock or similar to bypass production shortages and the like.

G. Procurement by supplier

Supplier shall procure goods and services in a responsible manner. In particular, supplier shall select its own tier one suppliers providing goods or services directly or indirectly to Zehnder on the basis that they agree to comply with standards comparable to those set forth in this Code.

H. Inspections and corrective actions

Supplier shall

- Ensure and demonstrate compliance with this Code, supplier shall keep record of all relevant documentations and provide Zehnder with supporting documentation upon request;
- Verify its compliance with this Code at all times, Zehnder reserves the right to audit and inspect supplier's operations and facilities at Zehnder's own cost and upon reasonable notice, with or without support of a third party. If the results of such an audit or inspection causes Zehnder to believe that supplier does not comply with this Code, supplier shall take necessary corrective actions in a timely manner, as directed by Zehnder. If supplier fails to rectify the deficiencies in due time as directed by Zehnder, Zehnder may take appropriate sanctions, including suspending or terminating any business relationship with supplier.

I. Access to remedy

- Zehnder welcomes open dialogue about meeting the criteria of this Code and expects all suppliers to show willingness to eliminate non-conformities.
- In the context of our business relationship, if suppliers believe that the terms of this Code are not adhered to, or that Zehnder is not acting in accordance with this Code, we encourage to raise such concerns via E-Mail to: compliance@zehndergroup.com or via our integrity line <https://zehndergroup.integrityline.com>, which is an online tool to report compliance breaches.

This Code was released by the Group Executive Committee on 26.10.2021 and entered into force the same day. It may be adapted from time to time.