

Code of Conduct for Business Partners

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1. Introduction

This Code of Conduct and the processes described herein apply to the entire Thermondo Group, consisting of Thermondo GmbH and all companies currently or in the future belonging to the group with a 50% or greater stake (collectively, “**thermondo**”).

thermondo is committed to environmentally and socially responsible corporate governance. We expect the same conduct from all our Business Partners. We also expect our employees to observe the principles of ecological, social and ethical conduct and to integrate these principles into the corporate culture. Furthermore, we strive to continuously optimize our corporate actions and our products and services in terms of sustainability and ask our business partners to contribute to this by adopting a holistic approach.

The companies and individuals with which thermondo enters into contractual arrangements (“**Business Partners**”) agree on the validity of the following terms for a common Code of Conduct applicable to future cooperation. This agreement serves as the basis for all future deliveries. The contractual partners undertake to comply, to the best of their abilities, with the principles and requirements of the Code of Conduct and to attempt to contractually oblige their subcontractors to comply with the standards and regulations listed in this document. This agreement shall become effective upon signature. Any violations of this Code of Conduct may ultimately be grounds and cause for thermondo to terminate the business relationship, including all associated supply contracts.

This Code of Conduct is based on national laws and regulations such as the Supply Chain Due Diligence Act (*LkSG*) as well as international conventions such as the *United Nations Universal Declaration of Human Rights*, the *Children’s Rights and Business Principles*, the *United Nations Guiding Principles on Business and Human Rights*, the *International Labour Organisation’s international labour standards (ILO)*.

2. Business partner requirements

2.1. Social responsibility

Elimination of forced labor

No forced labor, slave labour or similar form of labor shall be used. All work must be done by choice, and employees must be able to end the work or the employment relationship at any time. Furthermore, no worker shall be subjected to unacceptable treatment such as psychological cruelty or sexual or other personal harassment. The hiring or use of security guards shall be refrained from if, during their use, persons are treated or injured in an inhumane or degrading manner or if freedom of association is impaired.

Legal basis: *ILO Conventions 29 and 105*.

Prohibition of child labor

Child labor is forbidden at every phase of production. All Business Partners are called upon to adhere to the *ILO conventions’* recommended minimum age for the employment of children (*ILO Conventions 138*). According to these recommendations, the age shall not be lower than the age at which compulsory school attendance ends and shall not be lower than 15, with the exception of light work that doesn’t hinder education or health. Should the national statutes impose a

higher age, this shall apply. If children are discovered to be working, the Business Partner is to document the measures that are to be taken to remedy the situation and enable the children to attend school. The rights of young workers under the age of 18 shall not be used for labor deemed damaging to the health, safety or morality of children. Special protective regulations shall be observed.

Legal basis: *ILO Conventions 79, 138, 142 and 182.*

Fair wages

The wage for regular working hours and overtime shall comply with at least the statutory national minimum wage or the customary minimum wage for the industry, whichever is higher. In any case, the wage for overtime hours shall be higher than the wage for regular hours. If the wage is not sufficient to cover the usual cost of living while allowing the worker to accumulate a minimum amount of savings, the Business Partner is obligated to increase the worker's pay to reach a sufficient level for this. All legally mandated benefits are to be provided to employees. Wage deductions as a punitive measure are not permitted. The Business Partner shall ensure that the employees receive clear, detailed and regular written information about the composition of their pay.

Legal basis: *ILO Conventions 26 and 131.*

Fair working hours

The working hours shall comply with the applicable laws and industry standards. Overtime is only permitted if it is performed on a voluntary basis. After six consecutive working days, an employee is to be provided with at least one day off. Appropriate rest periods shall be arranged to avert workplace incidents stemming from both physical and mental exhaustion.

Legal basis: *ILO Conventions 1 and 14.*

Freedom of association

The right of employees to form and join organisations of their own choosing and to engage in collective bargaining and strikes is to be respected. In cases in which freedom of association and the right to hold collective meetings are legally restricted, alternative possibilities for an independent association of employees for the purpose of collective bargaining are to be permitted. Employees shall not be discriminated against on the basis of forming, joining or being a member of this kind of organisation. Employee representatives are to be granted free access to their colleagues' workplaces to ensure that they are able to exercise their rights in a lawful and peaceful manner.

Legal basis: *ILO Conventions 87, 98, 135 and 154.*

Prohibition of discrimination

Discrimination against employees in any form is prohibited unless justified on the grounds of the job requirements. This applies, for example, to discrimination on the basis of gender, national, ethnic or social background, skin colour, disability, health status, political convictions, world view, religion, age, pregnancy or sexual orientation. The personal dignity, privacy and personal rights of every individual shall be respected.

Legal basis: *ILO Conventions 110, 111 and 159.*

Occupational health and safety

The Business Partner is responsible for a safe and healthy working environment. Through the construction and use of suitable workplace safety systems, the necessary preventive measures shall be taken to prevent accidents and injuries to health that could occur in connection with workplace activities. Excessive physical or mental fatigue shall be prevented through suitable measures. Employees must also be regularly informed and trained about the applicable health protection and safety norms and measures. Employees shall be provided access to adequate quantities of drinking water and clean sanitary facilities.

Our Business Partners that are manufacturers, shall consider adopting and advancing an occupational health and safety management system pursuant to ISO45001 or comparable.

Legal basis: *ILO Conventions 155 and 164.*

Preservation of the natural basis of life

The Business Partner shall not extract resources from land, forests or waters, the use of which secures the natural basis of life for people, in violation of legitimate rights. It shall refrain from harmful soil alterations, water and air pollution, noise emissions as well as excessive water consumption if this harms the health of people, significantly impairs the natural basis for the production of food or prevents the access of people to safe drinking water or sanitary facilities.

Business Partners shall respect all land and property rights of the people with whom they interact and the communities in which they operate.

Dealing with conflict minerals

Business Partners whose products contain conflict minerals (e.g. tin, tantalum, tungsten, gold (3TG)) are expected to responsibly source these materials by establishing processes in accordance with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*.

2.2. Environmental responsibility

As thermondo recognizes the importance of environmental responsibility, our Business Partners should actively assume environmental responsibility and be committed to minimizing their environmental impact, improve environmental performance and treat the environment in a responsible manner. This entails the topics listed below.

Business Partners that are manufacturers need to introduce an environmental management system in accordance with EMAS or ISO 14001 or base its approach on the core environmental issues addressed in the EMAS regulation and ISO 14001.

Dealing with Greenhouse Gas emissions, energy consumption and efficiency

Business Partners should provide a transparent view of their Scope 1-3 greenhouse gas (GHG) emissions, set reduction targets and monitor progress. Respective reduction measures should be taken, e.g. increasing energy efficiency, minimising energy consumption, or generating or procuring energy from renewable sources. The EU factsheet on best available techniques ("BAT" for energy efficiency optimization in industrial installations can serve as a guidance (*BREF document Energy Efficiency*, European Commission).

Business Partners should also provide thermondo with emissions data for products relevant to the business relationship, particularly Bills of Materials (BOMs), Environmental Product Declarations (EPDs), Life Cycle Assessments (LCAs), and/or Product Carbon Footprints (PCFs).

Dealing with air emissions

Air emissions generated from operating procedures should, before they are released, be typed, routinely monitored, and treated as needed. It is also the Business Partner's responsibility to monitor their emissions treatment systems and find cost-effective solutions to minimise all emissions.

Treatment and discharge of industrial wastewater, water consumption

Wastewater from operating procedures, production processes and sanitation facilities should be typed, monitored, tested and treated as needed before it is introduced or disposed of. Beyond this, measures should be introduced to reduce the generation of wastewater. Water should be used with due care. In regions where water is scarce, the withdrawal of water should be minimized and access to potable water and sanitation should be enabled.

Dealing with waste and hazardous substances

The Business Partner shall pursue a systematic approach in order to identify solid waste, manage it, reduce it, and responsibly dispose of or recycle it. If applicable, the prohibitions on exporting hazardous waste stipulated in the *Basel Convention* of 22 March 1989, as amended, shall be observed. Chemicals and other materials that pose a danger when they are released into the environment should to be identified and managed in such a way that safety is ensured when people interact with these materials, as well as when they are transported, stored, used, recycled. If applicable, mercury shall be used in accordance with the prohibitions of the *Minamata Convention* of 10 October 2013; persistent organic pollutants shall be used in accordance with the *Stockholm Convention* of 23 May 2001, as amended.

Reducing consumption of raw materials and natural resources

The use and consumption of resources during operations should be reduced and avoided. For example, through changing production or maintenance procedures or processes in the company, through the use of alternative materials, through economising, through recycling or through the reuse of materials.

Biodiversity conservation and protection of ecosystems

Business Partners should mitigate the significant impacts of their business operations on biodiversity, striving to avoid and minimize them, and offsetting any remaining substantial impacts. Furthermore, Business Partners are expected to protect natural ecosystems and refrain from activities that contribute to their alteration, deforestation, or degradation.

2.3. Ethical business conduct and compliance

Fair competition

The standards of fair business, fair advertising and fair competition must be observed. Beyond this, the relevant antitrust laws, which particularly prohibit agreements and other activities to influence prices or conditions, are to be applied.

Privacy/data protection

The Business Partner commits to fulfil the reasonable expectations of its client, subcontractors, customers, consumers and employees concerning the protection of private information. In the collection, storage, processing, transmission and transfer of personal information, the Business Partner is to observe the laws on data protection and information security as well as the regulatory requirements.

Intellectual property

Intellectual property rights are to be respected; transfers of technology and expertise are to be carried out in such a way that intellectual property rights and customer information are protected.

Integrity/corruption, personal gains

The highest standards of integrity are to be applied to all business activities. The Business Partner must pursue a zero-tolerance policy regarding the prohibition of all forms of bribery, corruption, extortion and embezzlement. Processes for monitoring and implementing standards are to be applied in order to ensure compliance with anticorruption laws.

Conflicts of interest

The Business Partner shall inform thermondo immediately of any existing or potential conflicts of interest that arise or are identified during the course of the business relationship. Conflicts of interest are situations in which personal interests conflict or could conflict with the interests of any thermondo entity. Private interests must not influence the business activities of the Business Partner's employees. Business decisions must be based exclusively on factual and objective considerations.

2.4. Implementation of requirements

Grievance mechanisms

Business Partners, their employees and affected parties are encouraged to report risks or violations of the Code of Conduct, e.g. via thermondo's [reporting system](#) available on thermondo's website, including the [rules of procedure](#). The Business Partner shall pass on information received from thermondo on the availability and implementation of a grievance procedure to its employees in an appropriate manner. All employees and other stakeholders must be able to use the grievance procedure anonymously with effective protection against discrimination. Business Partners are also encouraged to set up a reporting system of their own or join an industry-wide system.

Cooperation across the supply chain

We expect our Business Partners to support thermondo in identifying risks within supply chains and taking appropriate measures. Thermondo encourages business partners to transparently report risks and potential violations, without fear of immediate negative impact on the business relationship. Should a Business Partner suspect a violation related to prioritized risks (see [2.1](#)) or identify any particularly serious risks or violations, they must inform thermondo. The Business Partner shall then coordinate with thermondo to regularly communicate and implement the necessary corrective actions.

Business Partners are encouraged to select business partners who uphold the principles of responsible business conduct outlined in this Code of Conduct. Business Partners should also strive to extend these practices throughout their entire supply chain.

Compliance checks

Thermondo may use a self-assessment questionnaire as well as audits at the Business Partners' production sites to monitor compliance with the standards and regulations stated in this document. The Business Partner agrees to thermondo conducting the aforementioned audits to monitor compliance with the code at the Business Partner's production sites during normal business hours, with sufficient advance notice and as carried out by persons tasked by thermondo. The Business Partner can object to specific audit measures if these measures violate mandatory data protection regulations.

Consequences of breaches

In consultation with the Business Partner, thermondo will provide a suitable period of time within which the Business Partner's conduct is to be brought into compliance with these rules of this Code of Conduct. Business Partners are encouraged to seek support from thermondo if needed. If the violation cannot be remedied within the foreseeable future, the Business Partner must notify thermondo without undue delay and work with thermondo to create a concept with a time schedule to end or minimize the violation. If the grace period expires fruitlessly or if the implementation of the measures included in the concept does not bring about a remedy after the end of the time schedule and a less restrictive remedy is not available, thermondo may terminate the business relationship and terminate all contracts. The legal right to extraordinary cancellation without providing an additional time period shall remain unaffected, as shall the right to claim damages.

3. Business partner acknowledgement and consent

By signing this document, the Business Partner commits to act responsibly and adhere to the principles and requirements specified herein. The Business Partner commits to communicate the content of this code in a comprehensible manner to employees and to make all necessary arrangements to meet the requirements.

Please report potential breaches at our reporting system available on our website or contact ethik@thermondo.de.

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As confirmed by the Business Partner (Date/Signature/Seal): _____