



Business Partner Code of Conduct

Edition 2023



Dear Valued Business Partner,

For more than 100 years, ZF Friedrichshafen AG (together with its affiliates, "ZF Group") has established and maintained its position as a global leader in the automotive industry and beyond.

ZF's success as a leading mobility specialist is driven by our passion, anticipation, diversity, empowerment, and accountability. These are our values, which we are living every day, and which are internally known as the "ZF Way"¹.

Our achievements are rooted in the unwavering commitment of ZF Group to deliver outstanding products, services, and mobility solutions while embracing its social, environmental, ethical and legal responsibilities.

At ZF Group, all business behavior must be in compliance with all applicable laws and in line with national and international standards regarding sustainability, environmental protection, ethical business and respect for human rights. We hold ourselves to high standards, and we expect the same from all business partners that we work with.

The following ZF Business Partner Code of Conduct explains these expectations in further detail and outlines the core principles that form the minimum standards for anyone who wants to conduct business with ZF Group. We look forward to establishing and growing our business relationships in line with these important obligations.

Friedrichshafen, December 2023



Dr. Holger Klein
Chief Executive Officer ZF Group



Dr. Lea Corzilius
Member of the Board of Management,
HR, Legal and Compliance ZF Group

¹ [ZF Way – It's about community - ZF](#)

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Foreword





Introduction

ZF Group ("ZF") has established the Business Partner Code of Conduct as the minimum standard for any business partner engaging in business with any entity that is part of or affiliated with ZF. These principles are in line with national and international laws, conventions, and guidelines such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the conventions of the International Labour Organization.

All natural or legal persons who supply goods or services to ZF, or purchase ZF's products or services, are considered business partners. This includes but is not limited to suppliers, customers, commercial agents, representatives, intermediaries, consultants, or other providers of goods and services.

ZF reserves the right to suspend or terminate any business relationship for cause with a partner who fails to comply with these principles or

respective applicable laws and thus makes it unreasonable for ZF to continue the relationship. By adhering to these principles, we can ensure that our business relationship is built on a sustainable approach, ethical behavior, respect for human rights, and compliance with all relevant laws and conventions.



All ZF Business Partners must:

- Conduct business with integrity, act in compliance with all applicable laws, and implement the core values, principles and requirements laid out in this Business Partner Code of Conduct.
 - Ensure that the same is put into practice throughout the business partner's supply chain.
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02

Our Focus

Assessing Business Partners: Audit Rights, Taxes, Accounting and Financial Reporting

At ZF, we effectively manage the integrity of our business partners. We require our business partners to provide us with crucial information including details on beneficial owners, shareholders, and ownership structures, as well as information on directors, managers, and compliance-related issues concerning the company, its subsidiaries, directors, or managers. Failure to provide this information may lead to the termination of the business relationship or ZF may decide not to enter into a business relationship at all.

ZF also reserves the right to request that a business partner provides adequate information regarding their Compliance Management System and the nature of any breach for evaluation purposes. To continue the business relationship with ZF, specific measures may be required to mitigate the impact of such violations on the business relationship.

We strongly believe that transparency and ethical behavior are key components of a successful business relationship and encourage all our partners to adopt similar principles.

Audit Rights

ZF reserves the right to perform audits on our business partners to confirm their adherence to this Business Partner Code of Conduct and all relevant laws and regulations. Any such audit will be performed in compliance with the applicable laws and regulations, especially those referring to data protection. We expect our business partners to cooperate with these audits by allowing reasonable access to facilities, records, and personnel. Additionally, ZF may request that business partners provide evidence of their compliance with this Business Partner Code of Conduct and furnish supporting documentation upon our request. Failure to comply with these requirements may result in the termination of the business relationship.

Taxes, Accounting and Financial Reporting

ZF is committed to upholding the highest standards of ethics and integrity in all aspects of our business, including but not limited to, taxes, accounting, and financial reporting. We ensure compliance with tax regulations as well as open and transparent communication with tax authorities. We believe in maintaining accurate records and providing timely and transparent financial information. ZF expects all business partners to share in this commitment and comply with all applicable laws and regulations related to taxes, accounting, and financial reporting.

Standing Up for Free and Fair Market Behavior

Antitrust and Competition

ZF champions the principles of fair and free competition as a fundamental component of the market economy. Thus, business partners must ensure they adhere to applicable antitrust and competition laws in all aspects of their business activities. ZF expects all its business partners to refrain from engaging in any activity that is intended towards or results in the hindrance, restriction, or distortion of free and fair competition.



Specifically, ZF does not tolerate:

- Anti-competitive contracts, agreements, or collusion with current or potential competitors, including but not limited to agreements that result in fixing prices or premiums, limiting the type, quantity or quality of products or services delivered, bid rigging, allocation of customers or subdividing markets;
- Abuse of a leading position in a certain market;
- Vertical restraints or contracts (with suppliers or customers) that set out to, or actually manage to, prevent or restrict free and fair competition in violation of applicable laws.

Facilitating Ethical Behavior: Combating Bribery and Corruption, Money Laundering, Conflicts of Interest

Combating Bribery and Corruption

ZF has a zero-tolerance policy towards any form of corruption, bribery or any business practices that could create the impression of improper manipulation or influence. This requirement applies irrespective of any apparent regional customs.

While conducting business activities, ZF business partners must prohibit, directly or indirectly, accepting, offering or granting tangible or intangible benefits (in the form of gifts, invitations or other gratuities) to or from ZF, public officials or third parties. These benefits should not be designed to dishonestly influence business procedures, accelerate or carry out an official act (facilitation payments), or create the impression of doing so. Especially in dealings with public officials and authorities, business partners are expected to ensure that their employees follow the law and act with integrity. To document and assure that improper payments are not being provided or received, ZF business partners should implement monitoring, record-keeping, and enforcement procedures to comply with applicable anti-corruption laws.

Money Laundering

Money laundering is the process of placing assets from illegal sources or illegal business activities (e.g., drug trafficking, theft, tax evasion, corruption, etc.) into the legal, financial, or economic cycle for the purpose of concealing or disguising the illicit origin of the assets. ZF strives to combat money laundering and expects business partners to do the same by adopting adequate measures to ensure compliance with applicable national and international standards and laws.

Conflicts of Interest

A conflict of interest arises when a corporation's or individual's personal interests interfere with professional obligations and responsibilities. It is essential that ZF business partners maintain a high level of integrity and avoid any situation that could create a conflict of interest. Potential conflicts of interest involving the ZF supply chain must be disclosed to ZF by business partners so that the parties can work together to mitigate any potential harm to the business relationship and ensure confidence in the relationship's integrity.



Following Rules: Product Compliance, Artificial Intelligence, Export Controls and Sanctions

Product Compliance

ZF holds itself to high standards of legal and ethical conduct and is committed to making high quality products that promote safety and comply with applicable laws, regulations, and standards. ZF holds its business partners to the same high standards and expects them to also deliver fully compliant products of the same high level of quality and safety. ZF does not tolerate any illegal or unethical conduct by its business partners with respect to the sourcing, manufacturing, sale and distribution of their products.

Artificial Intelligence

ZF complies with specific AI norms and laws for product development. ZF adheres to regulations regarding the application of AI technology in business processes. For that reason, ZF has formulated internal “ZF AI Ethics Guidelines for Trustworthy AI”². We expect our business partners to establish clear guidelines and expectations around the responsible development and use of AI, including ethical considerations, transparency and compliance with legal and regulatory frameworks, data quality and security, and monitoring and evaluation.

Export Controls and Sanctions

Without exception, ZF business partners must strictly follow applicable trade regulations and adhere to the rules and regulations governing import and export controls, as well as any applicable sanctions and embargoes.

² [ZF AI Ethics Guidelines for Trustworthy AI](#)

Concentrating on Security and Privacy: Handling of Information Security, Data Privacy, IT Security, Physical and Personnel Security, Intellectual Property

Handling of Information Security and Data Privacy

When conducting business with ZF, business partners must ensure that sensitive business, technical and financial information, personal data, know-how and trade secrets are appropriately handled and protected with regards to confidentiality, availability and integrity and not disseminated without the appropriate authorization and in accordance with applicable legal requirements. Additionally, ZF business partners may be required to prove a mature Information Security Management System according to TISAX (alternatively ISO 27017, 27018, etc.) and must protect personal data rights to privacy, in conformance with the applicable law in all business processes, to avoid data breaches and cyber security attacks. Protection of personal data is important to ZF, therefore all personal information is handled in line with the applicable legal guidelines on the protection of personal information, data security and anti-trust regulations.

IT Security

The importance of IT security cannot be overstated in today's business environment, where sensitive data is increasingly vulnerable to cyber threats.

ZF has implemented strong security measures and policies to protect sensitive information and systems. We expect our business partners to have up-to-date and effective security policies and procedures in place that comply with all relevant laws and regulations related to IT security, including data privacy laws, cybersecurity regulations, and industry-specific regulations. Business partners must also have an incident response plan in place to address security breaches and a business continuity and disaster recovery plan to ensure IT systems and data can be recovered in the event of a disruptive event.

Additionally, ZF requires that its business partners provide regular security awareness training to employees and establish a vendor management program to assess security risks posed by third-party vendors and suppliers, and grant ZF audit rights regarding these areas. It is also necessary for business partners to ensure ZF's sovereignty of its data and information and establish a close information flow between corporate IT Security departments and their organizations on both sides, including the provisioning of standard and emergency contacts. By adhering to these expectations, ZF and its business partners can maintain a secure and productive relationship.



Physical and Personnel Security

At ZF, physical and personnel security are top priorities. We expect business partners to uphold the following principles and comply with the physical security measures outlined below:

- Access Control: only authorized personnel have access to security-sensitive facilities and defined security areas;
- Asset Protection: adequate measures are taken to safeguard physical assets from theft and damage;
- Employee Protection: adequate measures are taken to protect employees at risk e.g. during business trips, international assignments, or being subject to individual threats (Duty of Care);
- Personnel Security: awareness about security sensitive functions and implementation of proper precautions, e.g. background checks;
- Incident and Emergency Response and Crisis Management: employees are prepared to respond to irregular and critical events to protect people and assets;
- Incident Reporting: prompt reporting of security incidents affecting ZF interests to corporate. security@zf.com is expected. By prioritizing physical and personnel security, we can create a culture of safety and trust that benefits everyone involved in our business relationships.

Intellectual Property

Intellectual Property ("IP") is a crucial aspect of our business operations, and we take it seriously. We recognize the importance of respecting the IP rights of others, and we expect our business partners to do the same. As such, we require that our business partners refrain from using or reproducing copyrighted materials, design patents, trademarks, patents, trade secrets, or any other proprietary information or rights of ZF or others without proper authorization. We also encourage our partners to work with us to protect and enforce our IP rights and identify and share with us any new IP created during our collaboration activities or related to ZF products. By adhering to these guidelines, we can cultivate an environment of innovation and safeguard the valuable IP that is essential to driving our business forward.

03

Our Driving Force



Preserving the Planet and Protecting Others: Sustainability

ZF has pledged to uphold globally recognized human rights, such as the principles outlined by the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We prioritize the rights defined in the International Bill of Human Rights and the fundamental labor standards of the International Labour Organization (ILO).

ZF clearly expects its business partners to observe and comply with the principles outlined by the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, all applicable compliance laws and regulations, as well as the core values and principles as defined in this Business Partner Code of Conduct.

Prohibition of Child Labor

ZF does not tolerate any form of child labor and requires business partners to do the same. Business partners must ensure that only individuals above the minimum employment age of at least 15 years are employed in accordance with the ILO Convention No. 138³. They must also comply with the ban on the worst forms of child labor in line with the ILO Convention No. 182⁴ and extend these requirements to their value chain.

Prohibition of Forced Labor and Modern Slavery

ZF prohibits any form of forced or compulsory labor, including debt bondage, human trafficking, and any other form of modern slavery in line with the ILO Convention No. 29⁵.

Business partners must ensure that employees are free to choose their employment type and to terminate employment in accordance with statutory provisions and to receive payment owed. No indentured servitude or financial burden may be imposed upon employees.

Freedom of Association and Right to Collective Bargaining

ZF respects and upholds its employees' freedom of association as defined in the ILO Convention No. 87⁶ and recognizes their right to collective bargaining in accordance with the ILO Convention No. 98⁷. ZF expects all business partners to follow the same standards and ensure that employees can form or join employee representative bodies without fear of discrimination or retaliation.

Equality and Prohibition of Discrimination

ZF does not tolerate any form of discrimination on the grounds of race, sex, religion, age, national origin, pregnancy, disability, sexual orientation, political and trade union engagement, and other characteristics protected by applicable law. ZF also expects business partners to prohibit discrimination on such grounds and to provide equal opportunities in employment and equal pay for equal work. In addition, ZF requires AI technology to be used and developed with unbiased data with regards to human responsibility.

Right to Health and Safety at Work

ZF prioritizes the physical integrity and health of employees and others affected by ZF's business activities. ZF expects business partners to comply with national and international laws for occupational health and safety, and upon request of ZF to introduce certified management systems. Business partners must provide a safe workplace, necessary equipment, protective gear, and minimize psychological stress to prevent mental disorders.

³ [Convention C138 - Minimum Age Convention, 1973 \(No. 138\) \(ilo.org\)](#)

⁴ [Convention C182 - Worst Forms of Child Labour Convention, 1999 \(No. 182\) \(ilo.org\)](#)

⁵ [Convention C029 - Forced Labour Convention, 1930 \(No. 29\) \(ilo.org\)](#)

⁶ [Convention C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948 \(No. 87\) \(ilo.org\)](#)

⁷ [Convention C098 - Right to Organise and Collective Bargaining Convention, 1949 \(No. 98\) \(ilo.org\)](#)

Fair Working Conditions (Remuneration and Working Hours)

ZF respects the right to an appropriate wage. Business partners of ZF are therefore obliged to pay the minimum wage under the applicable law. Furthermore, ZF expects its business partners to pay a reasonable wage that enables employees to at least secure their livelihood. All statutory social benefits must be paid in full and in good time. Business partners may only hire employees for whom they have obtained any required work permits. ZF also expects all business partners to comply with legal working hour provisions and overtime compensation.

Rights of Indigenous Peoples and Local Communities

ZF respects the rights of indigenous peoples and local communities that might be affected by ZF's business activities. ZF considers the impact of its operations on the health and livelihood of the local communities which specifically includes the prohibition of unlawful eviction and deprivation of land, forests, and waters as well as the destruction of cultural sites. Business partners must also respect these principles and shall obtain free, prior, and informed consent (FPIC) from local communities to developments on the land they live on as defined by the UN Declaration on Rights of Indigenous Peoples and the ILO Convention No. 169⁸.

Assignment of Private or Public Security Forces

When using private or public security forces to protect the safety of people, facilities, and legitimate interests in connection with ZF's business activities, ZF also respects compliance with internationally recognized human rights and expects this from its business partners.

Handling Conflict Minerals and Critical Raw Materials

Regarding conflict minerals (tin, tungsten, tantalum, and gold) and other critical raw materials⁹ from conflict and high-risk areas (so-called "CAHRAs") such as the Democratic Republic of Congo (DRC), business partners of ZF must implement special due diligence processes in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas¹⁰. Furthermore, ZF expects business partners to provide complete and truthful information on its value chains for these processes upon request, including business partners who use the Conflict Minerals Reporting Template to demonstrate that they exclusively use smelters and refineries within their value chain that meet the requirements of the Responsible Minerals Assurance Process (RMAP) of the Responsible Minerals Initiative (RMI).

Circular Economy

ZF is aware of the risk to humankind and nature which are linked to material handling and use. Therefore, ZF wants to contribute to decouple economic growth from raw material extraction by prioritizing sustainable materials, optimize resource use, eliminate waste, and rethink value creation. ZF expects business partners to reduce material input, use recycled/renewable materials, contribute to closed material and product cycles and promote circularity within their value chain.

⁸ C169 - Indigenous and Tribal Peoples Convention, 1989 (No. 169) (ilo.org)

⁹ According to definition https://drivesustainability.org/wp-content/uploads/2018/07/Material-Change_VF.pdf (drivesustainability.org)

¹⁰ <https://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>



Environmental Management

ZF is committed to the responsibility of companies towards the environment and supports the transition to a climate-neutral and sustainability-oriented economy and is committed to the Paris Agreement. ZF has laid down its principles for environmental protection in its own EHS Policy¹¹. ZF expects business partners to comply with applicable national energy and environmental laws and to create the best possible transparency regarding their own emissions and upstream emissions. Furthermore, business partners are expected to take effective measures to reduce their direct and indirect CO₂ emissions and to continuously work on improvements in this regard. The use of renewable energies and alternative energy sources must be further promoted and preferred. The consumption of raw materials must be reduced to a minimum in every business activity, particularly when using energy and water resources, attention must be paid to their sustainable use.

Any emissions resulting in deterioration of air quality shall be reduced to a minimum. Business partners of ZF are required to continuously monitor environmental impacts.

The use of reusable materials must be continuously expanded. The release of substances that pose a danger to humans and the environment must be avoided at all costs.

According to ZF's QD83¹², business partners of environmentally relevant industries are obliged to introduce and operate a recognized and certified environmental management system and to prove this to ZF by submitting a corresponding certificate.

Waste and Hazardous Substances

ZF is aware of the hazards to humans and the environment resulting from the disposal of waste in general and from the disposal of hazardous substances.

ZF expects business partners to reduce the generation of waste to a minimum. Recyclables must always be separated and in the best case reused or recycled. Hazardous substances, chemicals and substances must be labeled, and their safe handling, movement, storage, and reuse must be ensured.

ZF expects its business partners to comply with the Minamata Convention on Mercury dated October 10, 2013, the Stockholm Convention on Persistent Organic Pollutants dated May 23, 2001, and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal dated March 22, 1989.

¹¹ [zf-aushang-EHS-A4-EN.indd](#)

¹² [QD83 \(zf.com\)](#)

Biodiversity

ZF's activities and that of its value chain depend on biodiversity and have an impact on it. Therefore, ZF endorses the draft of the Kunming-Montreal Global Biodiversity Framework (GBF) adopted at the 2022 United Nations Biodiversity Conference in Montreal (COP15).

ZF complies with the legal requirements regarding the protection of biodiversity and expects the same from its business partners. ZF welcomes the objectives of the EU Biodiversity Strategy.

ZF expects business partners to analyze the interrelation between their dependencies and impacts on nature and set an adequate level of ambition for their business to support the targets of the Kunming-Montreal Global Biodiversity Framework (GBF) and not contribute to deforestation or the degradation of natural forests and include the preservation of ecosystems or species protection.

Business partners should protect ecosystems, especially key biodiversity areas, impacted by their operations, avoid illegal deforestation and minimize land-use in accordance with international biodiversity regulations, including the IUCN Resolutions and Recommendations on Biodiversity.

Where appropriate, business partners should monitor and control their impact on soil quality to prevent soil erosion, nutrient degradation, subsidence and contamination.

Implementation of the Requirements Regarding Sustainability

To ensure compliance with the human rights and environmental standards set out in this Business Partner Code of Conduct in their own business area and along their value chain, business partners must implement suitable and appropriate processes and measures.

Moreover, business partners must complete self-assessment questionnaires truthfully and cooperate with audits in accordance with the audit program of the Responsible Supply Chain Initiative (RSCI) and on-site inspections conducted by ZF or third parties commissioned by ZF.

Business partners must also promptly provide ZF or its authorized representatives with information and documents required to verify compliance with this Business Partner Code of Conduct, due to legal requirements or governmental orders. Business partners should allow interviews with responsible employees and should allow their employees to participate in training courses on human rights and environmental standards conducted by ZF or third parties commissioned by ZF.

If business partners become aware of any circumstances indicating a risk or a violation of the human rights and environmental standards outlined in this Business Partner



Code of Conduct in their own business area or that of their suppliers, they must take immediate measures to eliminate, prevent or minimize such risks or violations and, if necessary, develop a remedial concept. Business partners must inform ZF about such violations in their own business area or with their suppliers and investigations initiated by authorities, as well as measures taken, or remedial concepts developed and implemented, provided that these violations could be in any connection with the contractual relationship or could have negative effects on the reputation of the customer.

If the affected business partner cannot or will not be able to end the violation of the human rights and/or environmental standards defined in this Business Partner Code of Conduct in the foreseeable future, ZF will jointly develop and implement a remedial concept with the business partner. The business partner will support ZF to the best of its ability.

If ZF becomes aware of a violation of the human rights and/or environmental standards defined in this Business Partner Code of Conduct in their own business area or in its value chain by notification of a business partner or in any other way, the business partner concerned is obliged to cooperate in a complete determination of the facts.

When requesting information, ZF considers the legitimate confidentiality interests of its business partners as well as applicable legal requirements (in particular with regard to information security, data privacy and antitrust law).

ZF may draw legal consequences for violations of the human rights and environmental standards defined in the Business Partner Code of Conduct. This also applies if business partners do not cooperate appropriately or fail to take necessary or agreed measures. In these cases, ZF reserves the right to temporarily suspend the business relationship insofar as this is appropriate and appears to be necessary for the implementation of this Business Partner Code of Conduct and is made with appropriate notice. As a further escalation level, ZF sets the business partner to "New Business on Hold", i.e. this business partner is excluded from new awards. ZF reserves the right to terminate any business relationship for cause with a business partner who fails to comply with the human rights and/or environmental standards defined in this Business Partner Code of Conduct and thus makes it unreasonable for ZF to continue the relationship. ZF will render notice to that business partner in advance of any termination for cause and, if feasible, allow for a remedy period.

We are Here to Support: Further Assistance and Support

ZF Trustline

ZF expects its business partners to report any potential criminal offenses or legal or ethical violations that might have an impact on ZF. Reports can be submitted anonymously using ZF Trustline or via the phone option available on the ZF Trustline website:
www.bkms-system.net/Trustline.

ZF business partners must also have appropriate systems and controls in place to ensure that unethical and illegal business practices can be reported within their own company. ZF does not tolerate retaliation against persons who submit reports of potential violations in good faith and expects the same of its business partners.

Cooperating with ZF

Trust and cooperation are the basis of the relationship between ZF and its business partners. Therefore, ZF has specific processes in place to ensure that its business partners uphold the core values laid out in this Business Partner Code of Conduct. In particular, ZF has implemented the Business Partner Integrity Management to help identify and mitigate potential compliance and ethical risks. In this regard, ZF conducts business partner checks and may request its business partners to support these efforts appropriately and reasonably by providing specific information.

Contact

Business partners are welcome to contact ZF's Corporate Compliance Department directly if they have questions about this Business Partner Code of Conduct and its implementation.

Corporate Compliance

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