

DEKRA Sustainability

# Supplier Code of Conduct

DEKRA Alles im grünen Bereich

## 1. CONTEXT

As a global service company for testing, inspection and certification, we are aware of our responsibility towards the environment and society. Sustainability is a strategic foundation of our company and a prerequisite for our business relationships with suppliers, service providers and other business partners. Contributing to sustainable development is the mission for our entire value chain and we want to further improve the sustainability performance of DEKRA<sup>1</sup> and our supply chains: That is why we also promote and demand sustainability in our supply chain. As part of our commitment to [sustainability](#), human rights ([DEKRA Statement of Principles on Social Responsibility and Human Rights](#)) and responsible entrepreneurship, we at DEKRA have created this Sustainability Code for Suppliers (hereinafter referred to as Code of Conduct or CoC), which serves as a guideline for cooperation with our suppliers and partners. It is based on international standards such as the UN Guiding Principles on Business and Human Rights, the core conventions of the International Labor Organization (ILO) and the ten principles of the UN Global Compact. Our focus and your contribution as a supplier is based on the following sustainability principles:

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<sup>1</sup> The term DEKRA shall be understood to mean DEKRA SE and its affiliated companies within the meaning of Sections 15 et seq. AktG (German Stock Corporation Act) (hereinafter collectively referred to as "DEKRA").

- ▶ Sustainability management and ethical business conduct
- ▶ Environmental and climate protection
- ▶ Social responsibility and human rights
- ▶ Sustainability in supply chain management

We believe that our suppliers play an important role in creating a sustainable future together with us. We therefore encourage our suppliers to align with our CoC and work with us to create a world that is safer, more secure and more sustainable.

## 2. SCOPE AND IMPLEMENTATION

Continuous and steady development of successful and trusting business relationships is crucial for us and depends significantly on a shared commitment to sustainability and integrity. The purpose of the CoC is to ensure sustainability and ethical business conduct in our supply chain and to set out our human rights and environmental expectations when selecting a supplier. We expect our suppliers to adhere to and actively implement the standards set out in this CoC. In addition, we require our suppliers to promote the requirements of this CoC within their own supply chain and to pass them on directly or analogously.

### 2.1 Cooperation with our suppliers

DEKRA has developed a comprehensive and multi-stage process to identify, assess and manage risks in the supply chain. This allows us to focus our improvement efforts on the areas of highest risk and greatest potential, minimizing risks and realizing opportunities when working with our suppliers.

### 2.2 Continuous improvement

DEKRA encourages its suppliers to continuously improve their processes and offers [assistance, information and training](#) in order to achieve binding and preferred practices. Compliance with the standards in the CoC is monitored, among other things, through continuous media screening, ratings and audits, and our whistleblower system.

### 2.3 DEKRA whistleblower system

DEKRA commits itself, its affiliated companies and employees to the standards set out in the [DEKRA Compliance Guidelines](#) and in our Statement of Principles for Social Responsibility and Human Rights. In the event of indications of violations of this CoC or complaints, affected employees, business partners or other stakeholders can contact the responsible compliance reporting office (also anonymously) via [DEKRA's whistleblower procedure](#) and demand remedy.

### 3. SUSTAINABILITY PRINCIPLES

We expect our suppliers to respect our sustainability principles and to comply with them in their cooperation with us.

#### 3.1 Sustainability Management and Ethical Business Conduct

##### 3.1.1 Legislation and standards

Suppliers are obligated to comply with the (international) binding legal regulations applicable to them that aim to protect employees, the environment and society. In addition, DEKRA encourages its suppliers to strive to comply with international and industry-specific standards and best practices.

##### 3.1.2 Sustainability management and due diligence

In order to create long-term value for all stakeholders, we expect our suppliers to embed sustainability and corporate due diligence aspects into their corporate strategy and business practices. To this end, effective systems for monitoring and improving sustainability or the social/human rights and environmental impacts should be in place in all business areas (including responsibilities and targets) - e.g. according to ISO 26000 - or a strategy/plan/policy for implementing sustainability management should be in place. DEKRA also expects evidence of sustainability assessments (e.g. EcoVadis) and reporting, if not mandatory anyway. Employees should be regularly informed and trained on sustainability topics and measures (including the information on the contents of this CoC).

##### 3.1.3 Fair competition

Suppliers are required to comply with fair business practice, advertising and competition standards in all business activities. Antitrust laws specifically prohibit agreements with competitors that could influence prices or terms. It is also prohibited to enter into agreements with customers and suppliers that restrict customers' freedom to autonomously set prices and terms for resales.

##### 3.1.4 Business integrity and grievance mechanisms

DEKRA expects that suppliers conduct their business in an ethical manner and in compliance with all applicable legal provisions and, in particular, that they do not permit any bribery, corruption or other fraudulent business practices. In particular, suppliers are required to comply with all applicable national and international customs and foreign trade laws<sup>2</sup>. In addition, an effective complaints mechanism appropriate to the company shall be in place; if violations of the requirements of this CoC are identified, remedial action shall be taken immediately.

##### 3.1.5 Confidentiality, data protection and information security

Suppliers undertake to meet the reasonable requirements of customers, suppliers, clients, consumers and employees with regard to the protection of confidential information. In doing so, they are obligated

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<sup>2</sup> It must also be ensured that business partners do not pose a security risk, in particular that they have no connection to international terrorism (sanctions lists).

to comply with the applicable legal provisions when personal information is collected, stored, processed, transmitted or passed on.

### 3.1.6 Intellectual property

It is necessary to respect intellectual property rights. The transfer of technologies and know-how must be carried out in such a way that both customer information and intellectual property rights are protected.

### 3.1.7 Product Compliance

Suppliers shall ensure within their area of responsibility that the respective scope of services meets all product requirements resulting from applicable legal provisions and technical standards or other regulations.

## 3.2 Environmental and climate protection

### 3.2.1 Environmental management and circular economy

It is our ambition that our suppliers achieve sustainable growth and at the same time manage their business activities in an impact-conscious way by improving their environmental performance. DEKRA expects its suppliers to comply with internationally recognized environmental standards and legislation and to adopt a systematic approach to managing environmental aspects (e.g. according to ISO 14001) or to monitoring, reporting and improving the environmental impact of business activities, including the promotion of circular economy and resource management (including water and energy) and the prevention or reduction of (hazardous) waste, industrial effluents and harmful chemicals<sup>3</sup> (e.g. hazardous substances or water pollutants) and emissions (e.g. air, noise), or have a strategy/plan/policy in place to implement environmental management. Employees must be regularly informed and trained on environmental protection topics and measures.

### 3.2.2 Energy consumption and climate protection

Our suppliers are required to monitor and document energy consumption. In addition, economic solutions must be found and programs implemented to improve energy efficiency and minimize energy consumption, as well as to expand the use and self-generation of renewable energies. Suppliers are required to publish their greenhouse gas emissions (company carbon footprint) and reduce their greenhouse gas footprint. In this context, measures should be taken to adapt to climate change (e.g. pursuit of measurable targets of the Science Based Target initiative). In addition, DEKRA expects its suppliers to be able to provide information on the specific carbon footprint of the products and services they offer (product/service carbon footprint).

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<sup>3</sup> Including regulatory frameworks such as Minamata Convention on Mercury of October 10, 2013, Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of March 22, 1989, Stockholm Convention on Persistent Organic Pollutants of May 23, 2001 (POPs Convention), and other (country-specific) legal frameworks (e.g. deutsche Gefahrstoffverordnung (German Hazardous Substances Ordinance)).

### 3.2.3 Biodiversity and protection of flora and fauna; animal welfare

The protection of biodiversity and ecosystems, in particular the prevention of deforestation, illegal hunting and fishing, as well as ensuring compliance with laws and standards for the protection of the environment must be ensured by the suppliers. Suppliers also undertake to comply with applicable regulations relating to animal welfare. We encourage our suppliers to design their sites in a biodiversity-friendly way and to continuously improve the biodiversity impact. Manufactured and distributed products and packaging should be designed and produced in a biodiversity-friendly way.

### 3.2.4 Critical raw materials or conflict minerals

With regard to conflict minerals such as tin, tungsten, tantalum and gold, as well as other raw materials such as cobalt, suppliers are obliged to comply with the relevant regulations<sup>4</sup>. Suppliers undertake not to commit or participate in any serious human rights violations, such as torture, etc.

## 3.3 Social responsibility and human rights

### 3.3.1 Prohibition of forced labor and slavery

Suppliers must ensure that all work is voluntary. Workers must be able to terminate their employment or leave their jobs with reasonable notice. Suppliers must refrain from engaging in any form of forced labor, slavery/similar practices such as bonded labor and human trafficking. They must also ensure that all third parties who provide workers comply with the provisions of this CoC.

### 3.3.2 Prohibition of child labor; juvenile workers

The use of child labor is strictly prohibited. Suppliers are obligated not to engage in child labor. DEKRA requires its suppliers to respect the minimum age for admission to employment in accordance with the respective national regulations and to exclude any form of exploitative child labor.

Suppliers must ensure that young workers are not put at risk by their work (e.g. in terms of their health or development) and that their working hours do not interfere with their participation in recognized training programs.

### 3.3.3 Diversity, Equity & Inclusion

We expect our suppliers to respect diversity and to be able to demonstrate measures/programs/training to promote diversity in their network. Suppliers should be committed to a work culture that is free from discrimination and disadvantage. Suppliers shall not engage in discrimination on the basis of gender & gender identity, age, ethnicity & nationality, social origin, religion & belief, sexual orientation and physical or mental ability or in hiring, promotion, training and remuneration.

Supplier diversity, in the sense of working with suppliers that have an inclusive business model and organization, are owned by minorities/vulnerable groups, or are led by women, plays an increasingly important role in our global sourcing activities.

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<sup>4</sup> E.g. REGULATION (EU) 2017/821 (EU Conflict Minerals Regulation)



### 3.3.4 Occupational health and safety

Suppliers are responsible for a safe and healthy working environment and conditions. With regard to occupational health and safety, the respective national standards must be complied with as a minimum. In order to avoid excessive physical or mental fatigue as well as accidents and damage to health and to prevent emergencies, DEKRA expects its suppliers to have a systematic health and safety management system (e.g. according to ISO 45001) or to have a strategy/plan/policy for the implementation of health and safety topics. Employees must be regularly informed and trained about health and safety topics and measures.

### 3.3.5 Reasonable remuneration and working hours

Our suppliers are required to comply with applicable laws and regulations by paying all employees at least the minimum wage and providing all applicable legally mandated benefits. In addition, all aspects of employment, such as compensation, working hours, vacation time and public holidays, must comply with relevant regulations or industry standards. In addition, it is prohibited to exceed the maximum permitted working hours under applicable laws and regulations.

### 3.3.6 Right to freedom of association and collective bargaining

Suppliers shall recognize and respect the right of workers to freedom of association and the right to collective bargaining. If the right to freedom of association and collective bargaining is restricted by law, suppliers shall allow workers to freely elect their own representatives. Employee representatives must be protected from discrimination.

### 3.3.7 Rights of local communities and conservation of natural resources

We expect our suppliers to respect the dignity and human rights of all parties involved, including employees, local communities, vulnerable groups, suppliers and other stakeholders. We further expect suppliers to reject and take action to prevent unlawful eviction and deprivation of land, forests and waters whose use supports the livelihoods of any affected individuals or groups. Suppliers must avoid harmful soil, water and air pollution, noise emissions and excessive water use, so as not to affect the health of people and the production of food or hinder access to drinking water or sanitation.

### 3.3.8 Deployment of security forces

In the event that security forces are deployed, we expect human rights to be respected. The commissioning or use of security forces for the protection of the business project of our suppliers is to be refrained from if, during the deployment, people are treated or injured in an inhumane or degrading manner or the freedom of association is impaired.

### 3.3.9 Fair and respectful exchange among employees

It is the responsibility of suppliers to ensure that employees are not victims of inhumane or degrading treatment, corporal punishment, sexual harassment, psychological or physical coercion, abuse or verbal abuse in the workplace.

### 3.3.10 Dealing with human rights risks at suppliers

If, in the course of our human rights risk management, increased general or specific human rights or environmental risks are identified at suppliers with regard to, for example, industry, location or country, we require that the supplier undergoes an external sustainability assessment upon request in order to eliminate these risks before (further) cooperating with our suppliers. Failure to cooperate to eliminate the risks is a violation of this CoC for us. In the case of risks confirmed in the sustainability assessment, we require that the supplier implements appropriate remedial measures and otherwise reserve the right to terminate the cooperation with the respective supplier (see chapter 4.3 Consequences of non-compliance).

## 3.4 Sustainability in supply chain management

### 3.4.1 Sustainability management in the supply chain

We expect our suppliers to establish and implement effective standards, processes, systems for monitoring, assessing, improving and deriving measures for corporate due diligence or human rights and environmental impacts of their business activities in relation to their supply chain. Our suppliers are required to strive to ensure transparency in the supply chain, including the disclosure of information about suppliers and materials.

### 3.4.2 Sustainability assessment

Furthermore, our suppliers should evaluate and assess their suppliers with regard to compliance with sustainability standards.

### 3.4.3 Training and education programs for buyers

We expect our suppliers to train their respective purchasing experts on sustainable aspects (economic, environmental, social/human rights) in managing the supply chain in appropriate sustainability trainings. We would like to encourage our suppliers to regularly participate in e.g. networking meetings on best sustainability practices.

## 4. SUSTAINABLE COOPERATION AND COMPLIANCE WITH THIS CODE OF CONDUCT

### 4.1 Audit and monitoring rights

The CoC applies to all suppliers who deliver products or services to or for DEKRA. Compliance with this CoC is a prerequisite for a business relationship with DEKRA. DEKRA is entitled to check at any time whether the respective supplier complies with the requirements of the CoC. To this end, DEKRA may request relevant data and information from the supplier at any time, such as information on working conditions, environmental impact, business practices, etc. The supplier is obliged to provide this information immediately upon request. In order to ensure that this CoC is complied with, DEKRA is entitled to carry out risk or assessment-based monitoring such as ratings or audits (including inspection of documents and discussions with employees). Information from monitoring can be used in the context of fulfilling legal requirements, such as reporting. Our requirements for suppliers are also set out in our [General Purchasing Conditions](#). Unless otherwise stipulated, this CoC is a contractual component of the supplier contract.

### 4.2 Passing on of the requirements

In order to fulfill their contractual obligations to DEKRA, our suppliers must communicate this CoC, if applicable, or their own equivalent code of conduct to the employees and third parties with whom they work (e.g. agents and subcontractors) in a manner that is understandable to them and take all necessary precautions to implement the requirements. Furthermore, they must also consider this CoC when selecting such third parties and strive to ensure that these third parties also comply with this CoC or their own equivalent CoC. Suppliers have a duty to [report](#) any suspected violation of the CoC. In doing so, it must be ensured that the legitimate interests of the supplier or subcontractor and the rights of its employees, in particular data protection and the protection of business secrets, are safeguarded. Suppliers shall pass on information on the implementation of a whistleblower procedure (section 2.3) to their respective employees in an appropriate manner.

### 4.3 Consequences of non-compliance

Should a breach of this CoC be identified, DEKRA shall contact the respective supplier and set a reasonable deadline for the supplier to remedy the breach. In order to enforce the contents of the CoC, the respective supplier undertakes to participate in training and further training courses at the request of DEKRA and to keep a record of the participation. If the infringement cannot be remedied in due time, the supplier is requested to draw up a remedial action plan together with DEKRA and/or relevant third parties and to comply with it within the specified period of time. If the grace period expires without result or the implementation of the remedial action plan does not bring about a remedy after expiry of the period and a continuation of the business relationship is not reasonable for DEKRA and no other milder means are available, DEKRA shall be entitled to terminate all existing legal transactions with the supplier without notice and to acknowledge all negotiations. In particular in the case of very serious violations, DEKRA reserves the right to extraordinary termination without granting a grace period.



## 5. DOCUMENT CONTROL

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