



# **BWI SUPPLIER 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 processes. Our goal is to create our products through economically sound processes that minimize negative environmental impacts while conserving energy and natural resources.

We expect this understanding and this mindset not only from all 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 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.

### **Environmental Sustainability**

Environmental focus includes using sustainable energy and materials, generating less waste and preserving the environment. Sustainable materials have the lowest impact on our planet. *BWI* Group is continuously exploring alternative materials, processes and disposal techniques to reduce the strain on the environment during the development, manufacturing and disposal of our products. Responsible behavior in this area will build a strong relationship with the community.

### **Social Sustainability**

Social sustainability focuses on *BWI* Group's relationship with people. It requires ethical treatment of your employees, suppliers and customers and those in your community. Expecting the same standard of the *BWI* Group supply base for sustainability is required and exceptions must be approved by the Director of Purchasing. Caring for *BWI* Group workers has been important part of the *BWI* culture with an on-going focus on safety in the workplace. *BWI* Group must continue to do more in this area to motivate employees to come forward with ideas that will provide sustainability for *BWI* Group for many years to come.

### **Economic Sustainability**

*BWI Group* is a critical part of the local economies in which we conduct business. Our facilities and local communities have a mutually beneficial relationship. *BWI* Group will work to be good stewards of the investments made by our shareholders to grow the business and return on that investment. While doing this *BWI* Group gives back to the local economies thru job creation, taxes and good will while protecting workers safety and the environment. The local communities work with *BWI* Group to optimize the business environment and this type of relationship is critical to economic sustainability.

### **Supply Chain Responsibility**

*BWI Group's* business partners are expected to monitor, track and document their environmental impact at the site and corporate levels in order to be able to identify aspects that the business partner can control and influence fostering opportunities for improvement and minimized emission.



The efficient use of energy, water, raw materials, and the use of renewable resources, the minimization of damage to the environment and health are all taken into consideration in the development, raw material extraction, manufacture, product service life and recycling stages.

Our business partners are required to respect the rights of employees and other stakeholders and to treat them according to the rules of the international community. The business partners must support our firm commitment to conducting business in compliance with the letter and spirit of all in country laws where they conduct business and other accepted standards of business conduct reflected in corporate and company policies.

## **ENVIRONMENTAL RESPONSIBILITY**

### **Environmental protection**

*BWI* Group takes responsibility for continually improving the environmental compatibility of its products and services as well as for reducing the demands made on natural resources throughout the life cycle while taking economic factors into account. Business partners must comply with all applicable environmental laws and regulations in all countries in which they operate.

As a responsible corporate citizen, *BWI* is dedicated to protecting human health, natural resources and the global environment. This dedication goes beyond compliance with the law to encompass the integration of sound environmental practices in our business decisions. To achieve this goal, *BWI* along with our business partners will continuously minimize the consumption of resources: energy, water, raw materials, primary materials and manage the environmental impact of emissions, pollutants, and waste.

### **Emissions and Waste Management**

Our business partners shall monitor, track and document its emissions to air, water and soil from its facilities and transports as well as the wastewater and solid waste generated by its operations in order to be able to identify aspects that the business partner can control and influence fostering opportunities for improvement and minimized emission. All output shall be monitored, tracked and documented on both the site and corporate level and be provided to the *BWI* Group upon request.

### **Resource efficient products and processes**

The efficient use of energy, water and raw materials, the use of renewable resources and the minimization of damage to the environment and health are all taken into consideration in the development, raw material extraction, manufacture, product service life and recycling stages as well as in other activities. Consumption shall be monitored, tracked and documented.

## **Material Restrictions**

Business partners must avoid the use of substances and materials with adverse environmental or health impacts. To that end, business partners must identify alternative environmentally-friendly solutions that are effective over the long term. Business partners are obliged to register, declare and, if applicable, obtain approval for substances pursuant to legal requirements in the respective markets.

## **Responsible Sourcing of Raw Materials**

Extraction, production, transport, trade, processing and export of certain raw materials along the upstream value chain may be linked to high Environment, Social and Governance (ESG) risks for people and the environment. Based on the risk analysis of the 'Material Change' report by Drive Sustainability and the Responsible Minerals Initiative (RMI) we have refined our raw material strategy. We aim to use only raw materials in our products, whose extraction, production, transport, trade, processing and export neither directly nor indirectly contribute to human rights abuses, health & safety issues, environmental pollution or compliance breaches.

With regard to raw materials, such as tin, tungsten, tantalum and gold (3TG) from conflict-affected and high-risk areas (CAHRAs) like the Democratic Republic of the Congo (DRC), as well as other raw materials, such as cobalt, lithium, copper etc., we established processes in accordance with the Organization for Economic Co-operation and Development '(OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' and expect our suppliers to do the same. Smelters and refiners without adequate, audited due diligence processes in place shall be avoided. Upon request, suppliers shall disclose their supply chain including information on the origin of the material, e.g. via the "Conflict Minerals Report".

Raw materials should be obtained from audited sources as a matter of principle wherever possible, using independent, third-party assurance, such as the Standard for Responsible Mining from the 'Initiative for Responsible Mining Assurance' (IRMA).

## **Biodiversity and Deforestation**

Supply chain activities - including raw material production and processing – shall protect natural ecosystems and halt conversion, deforestation and forest degradation based on identification and management of natural forests and other natural ecosystems.



## **SOCIAL RESPONSIBILITY**

### **Human Rights and Working Conditions**

For the BWI Group, respect of the internationally recognized human rights forms the basis of all business relationships. Our business partners undertake to respect the rights of employees and other stakeholders and to treat them according to the rules of the international community.

Therefore, all suppliers are called upon to observe the principles and rights set forth in the guidelines of the UN Initiative 'Global Compact' and the 'ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up' and to align their due diligence process with the requirements of the 'Guiding Principles on Business and Human Rights' by the United Nations.

BWI's Code of Conduct Guide references our firm commitment to conducting business in compliance with the letter and spirit of all in country laws where it conducts business and other accepted standards of business conduct reflected in corporate and operating company policies. Although our Code of Conduct Guide does not specifically reference child labor and modern slavery, BWI states unequivocally its support of the prohibition of both and expect all our suppliers to do the same.

Specific areas of social responsibility include those identified below:

- Prohibiting child labor. The minimum age for admission to employment in accordance with state regulations must be observed
- Prohibiting modern slavery including servitude, forced or compulsory labor and human trafficking. Employment relationships are entered into on a voluntary basis and may be terminated by employees at their own discretion.
- Prohibiting harassment and discrimination. Business partners shall promote a social environment that fosters respect for the individual
- Protection of whistleblowers including prohibiting retaliation
- Ensuring the right to freedom of association and collective bargaining
- Compliance with all applicable labor regulations such as working hours, wages, benefits and worker safety

### **Health and Safety**

In today's rapidly changing global automotive industry, technical proficiency and leadership are essential elements of health and safety. BWI expects our employees and all our suppliers to comply with national and international health and safety standards and regulation and to operate an effective and certified health and safety management system according to ISO 45001, OHSAS 18001 or similar, to continuously minimize health and safety risks and improve working conditions for the workforce including sub-contractors working on site. Join us in our dedication to health and safety.

## Indigenous People

The rights of indigenous peoples and local communities shall be respected, promoted and protected throughout the supply chain in accordance with the 'UN Declaration on the Rights of Indigenous Peoples'. Suppliers are required not to engage in land grabbing, but rather to obtain Free Prior and Informed Consent (FPIC), as defined by the UN-REDD Program from existing land users and to promote adequate compensation where land use has been granted to the supplier.

## Animal Welfare

For BWI Group it is crucial, that corporate activities consider animal welfare as well. Therefore, we require relevant suppliers to implement standards and best-practice methods to comply with animal welfare along the entire supply chain. In general, animal testing must be avoided and alternative methods free of animal testing must be favored, as long as animal testing is not strictly required by law. In any case, national and international rules regarding animal protection and animal testing shall be followed.

Further, BWI Group recognizes following ethical principles and expects suppliers and sub-suppliers along the entire supply chain to respect the same principles:

- The Reduction, Refinement, and Replacement principle regarding animal testing
- The 'five freedoms' of the Animal Welfare Committee (AWC) as a criterion to evaluate animal welfare
- The standards for the improvement of animal health and welfare (OIE)

## ECONOMIC RESPONSIBILITY

### Fair Competition and Business Integrity

**Free competition.** Our business partners shall respect and comply with all applicable fair trade, competition and anti-trust laws and regulations and shall not have any anti-competitive discussions or enter into any anti-competitive agreements, including illegal price-fixing, market sharing, customer allocation or other illegal restrictive practices, at any level of the production or distribution chain.

**Conflicts of Interest.** The BWI Group's business partners make decisions solely on the basis of objective criteria and are not influenced by financial or personal interests or relationships.

**Anti-Corruption.** The business partners shall not engage in, endorse nor tolerate any form of bribery or corruption, directly or indirectly. Suppliers shall not offer nor accept any form of improper benefit to or from a third party, private or public, with the purpose of obtaining or retaining business or any form of preferential treatment. Such benefits may comprise not only cash but also job opportunities, favors, travel, facilitation payments, promises to pay debts or unlawful gifts and entertainment.



**Counterfeit products.** BWI Group requires its business partners to develop, implement and apply effective methods and procedures to detect and minimize the risk of counterfeit parts and materials entering our supply chain.

**Import and export controls.** The business partners strictly comply with all applicable laws for the import and export of goods, services and information.

**Money laundering.** The business partners ensure compliance with the applicable legal provisions against money laundering.

**Confidentiality and Intellectual Property Rights.** The business partners shall respect BWI Group confidential information and intellectual property rights by safeguarding against misuse, mishandling, counterfeit, theft, fraud or improper disclosure in accordance with applicable law and the contractual terms with the BWI Group.

## **GOVERNANCE**

As stated in the BWI Code of Conduct Guide, we are a company that conducts business with the utmost integrity, insisting that all employees must avoid actions or relationships that might conflict or even appear to conflict with our job responsibilities or BWI's interests. Responsible and lawful conduct is an integral part of our company. BWI Group requests legal compliance not only from our associates but from all business partners, particularly with regard to corruption and fraud prevention as well as anti-trust matters, taxation regulations, data protection and privacy as well as 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.

### **Grievance Mechanism**

In case of potential violations against the above-mentioned requirements, BWI Group has implemented a grievance mechanism, which is available by phone number +1.877.972.8798

### **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.



## **SUPPLY CHAIN RESPONSIBILITY**

### **Due Diligence**

Supply chain due diligence at the BWI Group is observed based on the 'OECD Due Diligence Guidance for Responsible Business Conduct'. To verify suppliers' compliance with the standards and rules set out in this document, we suggest for example the 'Self-Assessment Questionnaire on CSR/Sustainability for Automotive Sector Suppliers' by Drive Sustainability. An acceptable practice could include a third-party audit at the supplier's locations and along the entire supply chain.

All suppliers are called upon to implement a due diligence process themselves, to ensure that their contractors and sub-contractors comply with the standards and rules set out in this document, as well. This includes, but is not limited to contractual agreements, a supplier policy for sustainable procurement and audits. Suppliers shall map their supply chain to effectively identify, analyze and prioritize material ESG-risks and take appropriate measures to address them properly.

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 08MY12.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](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](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/corporate/mne/mining.htm>

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.oie.int/standard-setting/terrestrial-code/>

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

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

NQC / Supplier Assurance

<https://auto.nqc.com/>

**REVISION RECORD:**

<b>Revision # / Description</b>	<b>Date of Revision</b>	<b>Contact for Questions</b>
"0" / BWI Supplier Sustainability Policy - Initial submission	17-Sept-21	Izabela Fiszer