

## Sustainability Commitment

Värnamo Automatsvarvning AB Business Partner.

Värnamo Automatsvarvning AB declare our commitment to lead the change to a better future by continuously increasing the sustainability of our value chain, joining efforts with Business Partners who share similar ambitions around innovation, positive environmental impact, circularity, dialogue, fairness, and equality. Working together is how we will influence the industry, create a deeper, more effective relationship, and serve customers with ever-better value and meet their ever-increasing expectations. Before we work together with any potential new Business Partner, we ask you to sign this Sustainability Commitment. It lays out what we require from you — both in your own business and your supply chains — and what you can expect from us in return.

**All potential partners wanting to work with Värnamo Automatsvarvning AB and affiliated companies must accept and deliver against this Sustainability Commitment.**

### 1. Prohibition of child labour

Värnamo Automatsvarvning and its Business partners are not allowed to employ anyone under the age of 15. In countries where economic standards and schools are less developed, the minimum age is 14 years and for light work is 13 years. Dangerous work may only be carried out by persons over the age of 18 years.

### 2. Prohibition of forced labour

All forced labour is prohibited. Värnamo Automatsvarvning and its Business partners may not require employees to hand over personal documents such as ID cards, passports or work permits, as a condition of employment.

### 3. Prohibition of discrimination

Gender equality shall apply to employment, traineeships, and allowances/substitutes. Värnamo Automatsvarvning and its Business partners shall not discriminate against anyone based on gender, age, ethnic origin, nationality, religion, sexual orientation, union affiliation or any type of disability.

### 4. Prohibition of disciplinary action

Värnamo Automatsvarvning and its Business partners may not engage in spanking, physical violence, or coercion of any kind against their employees. This is particularly true in cases

where employees report in good faith events that violate national, international, or internal regulations.

## **5. Socially responsible working conditions**

## **6. Safe and healthy workplaces**

Occupational safety and health should be offered as a minimum within the scope of national rules. Värnamo Automatsvarvning and its Business partners must put in place health and safety regulations and procedures and inform employees about these, to reduce or prevent accidents and occupational diseases.

## **7. Wages**

Värnamo Automatsvarvning and its Business partners shall compensate their employees adequately and in accordance with legally or contractually determined minimum wages or in line with industry standards. Värnamo Automatsvarvning and its Business partners must also provide the social benefits to which the employee is entitled by law. Compensation shall be provided with transparency, at regular intervals and in legal tender. Illegal and unlawful deductions of wages and deductions in the form of disciplinary measures are not permitted.

## **8. Regulated working hours.**

Värnamo Automatsvarvning and its Business partners guarantee that employees do not work more than the maximum number of hours legally agreed or collectively agreed in each country or dictated by industry standards. The maximum required working time does not exceed 60 hours per week (including overtime). Overtime shall be voluntary and compensated by Värnamo Automatsvarvning and its Business partners according to applicable law. Employees shall be granted at least one day off after six working days. Employees are also entitled to an annual leave.

## **9. Freedom of association and collective bargaining**

Employees have the right to negotiate collectively and to organize themselves in trade unions. If a trade union is not allowed in one country for political reasons, Värnamo Automatsvarvning and its Business partners must facilitate independent alliances in other forms. Värnamo Automatsvarvning and its Business partners must not discriminate against employee representatives because of their function or union-organized workers because of their membership.

## 10. Ethical Standards Policy

Varnamo Automatsvarvning AB and its Business partners is committed to ensuring the highest standards within the supply chain, including clients, workers, contractors, and Business partners and to continuously work to further improve. We will only work with reputable suppliers and manufacturers who are committed to working towards compliance with the conditions set out in this code. A process of self-evaluation, independent audit and training is in place to ensure that continuous improvement is made.

### 1. Employment is freely chosen

- There is no forced, bonded, or involuntary prison labour.
- Workers are not required to lodge "deposits" or their identity papers and are free to leave in accordance with the terms set out in their contract.

### 2. Freedom of Association and The Right to Collective Bargaining Are Respected

- Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- Varnamo Automatsvarvning AB has an open attitude towards the activities of trade unions.
- Worker's representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- Where the right to freedom of association and collective bargaining is restricted under law, we will facilitate, and not hinder, the development of parallel means for independent and free association and bargaining.

### 3. Working Conditions Are Safe and Hygienic

- A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps will be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- Workers shall receive regular and recorded health and safety training, and such training will be repeated for new or reassigned workers.
- Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- A senior manager will be responsible for health and safety.

### 4. Child Labour

- There will be no new recruitment of child labour.
- Where child labour is found, Varnamo Automatsvarvning AB will participate in and contribute to policies and programs which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; "child" and "child labour" being defined below.
- Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- The policies and procedures relating to the employment of children shall conform to the provisions of the relevant ILO standards.

#### 5. Living Wages Are Paid

- Wages and benefits paid for a standard working week meet, at a minimum, national legal standard.
- All workers are provided with written and understandable information about their employment conditions in respect of wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- Deductions from wages as a disciplinary measure will not be permitted nor will any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned.

#### 6. Working Hours Are Not Excessive

- Working hours comply with national laws and benchmark industry standards, which ever affords greater protection.
- In any event, workers will not, on a regular basis, be required to work more than 48 hours per week and will have at least one day off for every 7-day period on average. Overtime is voluntary and additional payment will be made.

#### 7. No Discrimination is Practiced

- There is no discrimination in hiring, compensation, access to training, promotion, termination, or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

#### 8. Regular Employment

- To every extent possible work performed must be on the basis of recognized employment relationship established through national law and practice.

- Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub- contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

#### 9. No Harsh or Inhumane Treatment is Allowed

- Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation is prohibited.

#### 10. Environmental Impact is Managed

- Varnamo Automatsvarvning AB and its suppliers will seek to reduce the environmental impact of their business activities. In addition to complying with local laws, steps will be taken to optimize the use of energy and natural resources and reduce the generation of waste. This policy will be reviewed on an annual basis and its implementation is the responsibility of the Business Manager.

#### Definitions

- Child - Any person less than 16 years of age unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age shall apply.
- Young person - Any worker over the age of a child as defined above and under the age of 18.
- Child Labour - Any work by a child or young person younger than the age(s) specified in the above definitions which does not comply with the provisions of the relevant ILO standards, and any work that is likely to be hazardous or to interfere with the child's or young person's education, or to be harmful to the child's or young person's health or physical, mental, spiritual, moral or social development. The provisions of this code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying this code are expected to comply with national and other applicable law.

## 11. Embracing Inclusion, Equity and Diversity

The Business partners of Värnamo Automatsvarvning AB must strive to attract, develop and retain a workforce that is as diverse as the markets we serve. We recognize that our differences are our strengths and aim to define diversity in the broadest sense, including such aspects as

age, race, ethnicity, gender, sexual create a company that is built by our differences to ensure an inclusive work environment for all. We orientation, cultural identity, disability, and overall life experiences. It also includes – very importantly– diversity of thought. Regarding inclusion, we refer to a culture where all unique voices have a seat at the table and are heard. The full potential of diversity can only be unlocked if these unique voices and differing points of view are an equal part of any discussion. Lastly, diversity and inclusion are imperative for our success as it leads to better ideas, innovation, and decision making, as well as a better workplace.

## **12. Women´s rights**

Varnamo Automatsvarvning AB and its Business partners will respect the principle that women are entitled to political, economic, and social equality.

## **13. Rights of minorities and indigenous peoples.**

Varnamo Automatsvarvning AB and its Business partners will show respect for the rights of local communities to decent living conditions, education, employment, social activities, and the right to Free, Prior, and informed Consent (FPIC) to developments that affect them and the lands on which they live, with consideration for the presence of vulnerable groups.

## **14. Environmental, Health & Safety**

Varnamo Automatsvarvning AB and its Business partners is committed to complying with all applicable environmental, health and safety legal requirements and protecting the environment. Suppliers are expected to comply with all applicable environmental, health and safety legal requirements and prevent incidents or conditions that might result in a violation of law or otherwise endanger the environment. Suppliers must provide each employee with a safe and healthful work environment. Each supplier has responsibility for maintaining a safe and healthy workplace for all employees by following health and safety rules and practices and reporting accidents, injuries and unsafe equipment, practices, or conditions as stated in the Environmental, Health and Safety Policy.

## **15. Environmental Sustainability**

The Business partners of Varnamo Automatsvarvning AB has to adopt the definition for Sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." For Varnamo Automatsvarvning AB, this means being aware of our impacts and understanding how these affect the world around us. Our mission is to reduce these impacts while increasing the profitability and longevity of our company. Varnamo Automatsvarvning AB expects its business partners to support Varnamo Automatsvarvning AB´s sustainability mission by complying with all applicable environmental laws, rules and regulations while using resources wisely. Our business partners are expected to share Varnamo Automatsvarvning AB´s commitments by developing and implementing a sustainability program focused on using natural resources responsibly, reducing water usage, reducing waste generation, preventing air pollution, improving energy efficiency, and reducing the carbon

footprint of their operations. Varnamo Automatsvarvning AB expects its business partners to implement a responsible chemical management in regards of purchasing, usage, and handling.

## **16. Land, forest and water rights and forced eviction**

Varnamo Automatsvarvning AB and its Business partners must commit to the avoidance of forced eviction and the deprivation of land, forests and waters in the acquisition, development or other use of land, forests and waters.

## **17. Use of Private or Public Security Forces.**

Varnamo Automatsvarvning AB shall not commission or use private or public security forces to protect the business project if, due to lack of training or control on the part of the company, the deployment of the security forces may lead to violations of human rights.

[Source: Global Automotive Sustainability Guiding Principles.](#)

## **18. Compliance of the law**

Värnamo Automatsvarvning and its Business partners must work in accordance with all applicable national and international laws and regulations, as well as with relevant international agreements.

## **19. Product safety**

The products and services provided by Värnamo Automatsvarvning and its Business partners must never endanger people or the environment and must comply with agreed and legally established product safety standards. Instructions on safe use must be properly communicated. Materials used shall comply with the EU's REACH and The RoHS Directive, unless otherwise agreed.

## **20. Corruption and money laundering.**

No form of corruption or money laundering is tolerated. This applies to the payment of bribes and extortion with a view to exerting influence on business partners and representatives of politics, administration, legal system, or the public.

## **21. Fair competition**

Värnamo Automatsvarvning and its Business partners shall apply fair competition rules in all operations. This includes compliance with the applicable antitrust laws as well as prohibitive unfair commercial practices.

## **22. Protection of intellectual property rights**

Värnamo Automatsvarvning and its Business partners respect intellectual property rights of third parties.

## **23. Conflict minerals**

Värnamo Automatsvarvning and its Business partners shall respect human rights and not contribute to conflicts through their decisions on the purchase and handling of minerals.

## **24. Export controls and economic sanctions.**

Värnamo Automatsvarvning and its Business partners shall comply with all applicable laws and regulations regarding the delivery, sale, transfer, export, reversal, or re-export of the Products, including financial penalties; export controls; trade embargoes ("Sanctions").

## **25. Counterfeit Parts Prevention Policy**

The Business partners of Värnamo Automatsvarvning AB must conduct all business activities in compliance with the rules and regulations applicable to our industry and the laws in the countries in which the company operates. In all cases, these business activities are conducted to the highest ethical standards.

## **26. Data and data security policy**

Värnamo Automatsvarvning AB and its Business partners must protect and secure all data consumed, managed, and stored by their organizations.

## **27. Information Disclosure Policy**

All stakeholders have access to complete and accurate information about their Company.



## **28. Conflicts of interest policy**

Those with a conflict (or who think they may have a conflict) must disclose the conflict/potential conflict and interested board members are prohibited from voting on any matter in which there is a conflict.

## **29. Whistleblowing and protection against retaliation policy**

Värnamo Automatsvarvning AB and its Business partners has a duty to protect whistleblowers against retaliation; Värnamo Automatsvarvning AB and its Business partners has a duty to address wrongdoing by instituting remedies and taking disciplinary action as appropriate; and retaliation constitutes misconduct.

## **30. Decarbonisation and GHG emissions policy.**

Värnamo Automatsvarvning AB and its Business partners must undertake to contribute the reduce of GHG emissions from the company's value chain.

## **31. Reuse and recycling**

Värnamo Automatsvarvning AB and its Business partners must have a process to use existing materials or products for the reducing of waste whilst recycling refers turning a product into a raw material that can be used again.

## **32. Air quality policy**

Värnamo Automatsvarvning AB air policy is based on three pillars: ambient air quality standards, reducing air pollution emissions, and emissions standards for key sources of pollution.

## **33. Water quality, consumption, and management policy.**

Värnamo Automatsvarvning AB aim to prevent and reduce pollution, promote sustainable water use, protect, and improve the aquatic environment.

## **34. Chemical management policy**

Värnamo Automatsvarvning AB and its Business partners must use a responsible chemical management system where we select, evaluate, procure, store, transport, use and dispose chemicals.

## **35. Energy efficiency policy.**

Värnamo Automatsvarvning AB and its Business partners must drive the implementation of projects that minimize or reduce energy use during the operation of a system or machine and/or production of a good or service.

## **36. Renewable energy policy.**

Värnamo Automatsvarvning AB and its Business partners must aim to use 100% of its electricity from renewable energy sources.

## **37. Biodiversity, land use and deforestation policy.**

Värnamo Automatsvarvning AB and its Business partners must be active to maintain the ecosystems so that flora and fauna are not lost, and natural habitats do not suffer irreparable damage. As part of the European Union's Green Deal plans to protect ecosystems and biodiversity, the European

Commission has proposed a new law to halt deforestation and minimize the EU's impact on forests worldwide. The proposed law will require companies that sell commodities linked to deforestation and forest degradation (e.g., leather) to ensure they are 'deforestation-free' before placing them on the European market or exporting them from the EU.

### **38.Land, forest and water rights and forced eviction policy.**

Varnamo Automatsvarvning AB and its Business partners must commit to the avoidance of forced eviction and the deprivation of land, forests and waters in the acquisition, development or other use of land, forests, and waters.

### **39.Soil quality policy.**

Varnamo Automatsvarvning AB and its Business partners must determine the condition of the soil in their area of responsibility and establish measures to maintain and improve soil quality.

### **40.Noise emissions policy.**

Varnamo Automatsvarvning AB and its Business partners must determine the release of noise into the environment from various sources that can be grouped in transportation activities, industrial activities, and daily normal activities. We will establish measures to improve noise emissions.

### **41.Animal Welfare.**

freedom from thirst and hunger, freedom from discomfort, pain, injury and disease, Varnamo Automatsvarvning AB and its Business partners must uphold the highest standards for ethical behavior. With respect to animal welfare, we require compliance with all legal requirements and, as applicable, we expect our suppliers to implement industry-best policies and practices related to the ethical treatment of animals. Varnamo Automatsvarvning AB commits to a belief in the humane treatment of animals, including freedom to express normal behavior, and freedom from fear and distress.

## **Sustainability Commitment.**

<https://vmoaut.se/kvalitet-miljo/>

**Värnamo Automatsvarvning AB's Business partner.**

As a Business partner to Värnamo Automatsvarvning AB, we commit to complying with the requirements outlined in this Sustainability Commitment, and to implement them towards our own tier-1 supplier.

Furthermore, we understand that Värnamo Automatsvarvning AB has the ambition to engage and continue to grow with the Suppliers that share Värnamo Automatsvarvning AB's sustainability ambition beyond mere compliance with the law to advance social and environmental sustainability.

Therefore, as a Business partner to Värnamo Automatsvarvning AB, we agree to be monitored and evaluated on our sustainability performance within the areas described in this Sustainability Commitment.

We recognize that this Sustainability Commitment is drafted and valid in the English language. Where there are different language versions of this document these shall be considered translations of convenience only and the English version will prevail in any case of discrepancy.

**The Undersigned hereby acknowledges with this declaration.**

**Värnamo Automatsvarvning AB**

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