



CODE OF CONDUCT FOR SUPPLIERS



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12.01.2022

PREAMBLE

STIHL is committed to **sustainable and responsible business practices** – in the interests of the company, its employees and the general public alike. The STIHL Group recognizes its responsibility as a member of society in all regions in which it operates. As a family-owned company, STIHL assumes a special responsibility for people and nature. We respect and uphold the internationally declared human rights, the protection of natural resources as well as the cultural, social, political and legal diversity of societies and nations.

This Code of Conduct for Suppliers is based on legal regulations such as [the German Supply Chain Due Diligence Act](#), the principles of the [United Nations Global Compact](#), the standards of the International Labor Organization (ILO), especially the [Fundamental Principles and Rights at Work](#), and the STIHL Principles of Social Responsibility, which are outlined in the STIHL corporate culture.

The duties under this Code of Conduct are two-fold: It defines **mandatory requirements** (“**must**”) that business partners must not violate. And it describes **STIHL's expectations** towards business partners (“**prefer**”) which are the basis for evaluating sustainability performance and thus define the requirements for preferred suppliers. We expect our business partners to act in accordance with this Code of Conduct and to constantly improve their sustainability performance. We ask their top management to demonstrate commitment to act accordingly. STIHL will consistently pursue violations of this Code of Conduct and take appropriate measures. STIHL reserves the right to terminate the business relationship as a final consequence. Furthermore, we expect our business partners to work towards ensuring that their business partners also comply with these principles.

Together, we strive to promote responsible procurement and the continuous improvement of social and environmental standards in STIHL's supplier network.



Martin Schwarz

Executive Board Member Production and Materials Management
ANDREAS STIHL AG & Co. KG

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1 RESPECT OF HUMAN RIGHTS AND FAIR WORKING CONDITIONS

For STIHL, the company's social responsibility towards its own employees is of central importance. We expect our suppliers not to commit nor to participate in human rights violations and to organize working conditions in a fair and appropriate manner in compliance with legal requirements. To integrate socially acceptable practices in the workplace, including training, verification (i.e. audits) and grievance mechanisms, we encourage the supplier to implement a social management system in orientation of the international standard SA8000.

1.1 Prohibition of child labor

STIHL strictly rejects any form of child labor. The supplier **must** commit to zero tolerance of child labor in its own business area or at its suppliers. The supplier **must** comply with the following requirements regarding access to employment:

- The worst forms of child labor are strictly prohibited (ILO 182).
- The minimum age for employment is the age at which compulsory education ends under the applicable national law and is at least 15 years (ILO 138).
- Persons under the age of 18 are considered minors and are therefore in need of protection (ILO 182). They must not perform work which, by its nature or the circumstances in which it is performed, may endanger their health, safety or morals, e.g., overtime or night shifts (ILO 138).

We **prefer** suppliers that work towards the abolition of child labor within their own sphere of influence, for example by cooperating with suppliers and NGOs or by supporting schools.

1.2 Prohibition of forced labor

STIHL strictly rejects any form of forced labor. The supplier **must not** tolerate forced and compulsory labor or any form of modern slavery, bonded labour, human trafficking, domination or oppression in the workplace environment, such as extreme economic exploitation, in its own business and at suppliers:

- This includes any work or service which is required of a person under the threat of punishment and for which they have not voluntarily made themselves available (ILO 29).
- In the recruitment, hiring and employment of employees, the supplier agrees not to use force, deception, intimidation, demand excessive fees nor to use forced labor as a punishment i.e. for advocating or expressing political views (ILO 105).
- If third parties are engaged to recruit or hire employees or to protect the company, the supplier is obligated to ensure that those third parties also comply with this prohibition.

We **prefer** suppliers who work towards the elimination of forced labor within their own sphere of influence (for example by cooperating with suppliers and NGOs). The supplier should pay particular attention to the following indicators of forced labor in its business relationships: non-payment of wages, restriction of employees' freedom of movement, withholding of passports or other documents, intimidation of employees or their close associates, unacceptable working and living conditions and excessive overwork.

1.3 Fair working conditions, remuneration and working hours

The supplier **must** ensure that working conditions, remuneration and working hours comply with national laws and industry standards, out of which the strictest regulations apply. Working conditions, remuneration and working hours **must** be defined by written agreement, and are considered as a contract between the supplier and employee at the time of hire. Additionally, STIHL expects the supplier to provide appropriate conditions for the employees as described in the following.

With regard to remuneration, benefits and working hours, the supplier **must** comply with the following specifications:

- The supplier shall organize working hours (overtime and maximum working hours, rest periods, work schedules, maternity leave, sick leave, leave for family reasons, paid overtime) in such a way as to prevent occupational accidents due to physical and mental fatigue and to preserve the health of employees (ILO 1, ILO 14). This also includes temporary employment, the secondment of workers or the outsourcing of work.
- All overtime shall not be compelled and must not exceed the limit set by law. If there is no statutory minimum wage or overtime premium, wages must be at least equal to the average minimum wage for the industry and overtime must be compensated at a rate that exceeds the regular hourly rate.
- The weekly working time, including overtime, must not exceed 60 hours and overtime must not be used on a permanent basis. Exceptions are emergencies and exceptional circumstances.
- Employees shall be provided with at least 24 consecutive hours of rest at least every seven days.
- Wages shall be paid at specified times in a traceable manner in accordance with ILO 95, unauthorized deductions from pay and deductions from pay as a disciplinary measure are prohibited.
- The necessary contribution to the statutory social insurance is made.
- Social benefits can be claimed by employees in accordance with applicable law (e.g. sick leave).
- The supplier prohibits harassment, abuse and punishment with any form of violence.

We **prefer** suppliers who promote fair working conditions in accordance with ILO standards regarding, among other things, working hours, maternity protection, wages and income, employment security, work and family, elderly workers, social security and migrant workers within its sphere of influence. In addition, we ask the supplier to progressively improve the living standards of employees through improved wage systems and social benefits that exceed legal requirements. Every worker has the right to a living wage for a regular work week.

1.4 Equality and the prohibition of discrimination

Equal treatment of all employees is a core value of STIHL. We expect our suppliers to base their selection of employees on their qualifications and skills and maintain equal opportunities in all aspects of the employment relationship.

The supplier **must** comply with the following with respect to hiring and employment of employees:

- Any distinction, exclusion, or preference based on ethnic and national origin, citizenship, social origin, color, health status, disability, sexual orientation, age, sex, political opinion, religion, or belief (ILO 111), or any other characteristic protected by law, such as membership of a national minority, pregnancy, or veteran status, is prohibited, unless this is justified by the requirements of employment.
- This includes the principle of equal pay for work of equal value (ILO 100).
- This also includes equality of opportunity and treatment without discrimination of migrant, temporary or seasonal workers.

We **prefer** suppliers who work to promote diversity in their own sphere of influence (e.g. through a careful selection of suppliers), identify vulnerable groups among the employees and implement programs to strengthen equal treatment and prevent discrimination in recruitment and employment.

1.5 Freedom of association

STIHL is committed to respecting freedom of association and collective bargaining. The supplier **must** respect the fundamental right of every employee to establish organizations of their choice, to join such employee organizations and trade unions and to conduct collective bargaining (ILO 87 and ILO 98). The supplier **must** prohibit the disregard of freedom of association and the use of security forces to interfere with freedom of association.

In situations where the rights to freedom of association and collective bargaining are limited by law, other opportunities must be granted for the independent and free union of employees for collective bargaining. Workers' representatives are to be protected against discrimination and need to be granted free access to the workplaces of their colleagues to have the ability to exercise their rights in a legal and peaceful manner.

Furthermore, we **prefer** suppliers who promote constructive and transparent dialogue between employees, their representatives and management to resolve internal labor disputes and employee grievances and find agreements concerning working terms and conditions.

1.6 Occupational health and safety

Occupational health and safety has top priority at STIHL. The supplier **must** provide safe and hygienic working environments that comply at least with the national laws and standards of the respective country.

In order to avoid work-related health hazards, the supplier **must** commit to the following protective measures:

- Substances that are hazardous to health or toxic are labeled, stored safely, and handled according to their hazard potential.
- Workplace, work equipment, tools, machines and devices are in a safe condition.
- Necessary personal protective equipment and protective devices on machines are provided by the supplier and are ready for use.
- Appropriate measures are in place to protect buildings from collapse, fire, anticipated environmental conditions or unauthorized access.
- Escape and rescue routes and emergency equipment, including first aid and emergency treatment, are available and accessible.
- A hygienic working environment is ensured by a minimum level of order and cleanliness.
- Employees are adequately trained and instructed.
- We expect our supplier to emphasize a hygienic working environment. Safe drinking water supply and access to sanitary facilities shall be guaranteed for all employees.
- If sleeping accommodation for employees are provided the supplier undertakes to ensure that they are clean, safe and that the fire safety standard for the respective building is satisfied.

The supplier should strive for the continuous reduction of work-related health hazards and the improvement of occupational health. To this end, we **prefer** suppliers who establish an occupational health and safety management system based on **ISO 45001**, including risk assessment, preventive measures, performance measurement and effective targets.

1.7 No expropriation

Our supplier **must not** engage in unlawful appropriation, destruction or clearing of land, forests, and waters that support the livelihoods of individuals. The supplier is committed to obtaining Free Prior and Informed Consent (FPIC) from all affected parties and adequate compensation for land use.

We **prefer** suppliers who analyze their business activities with regard to potential negative impacts on human livelihoods, implement measures to mitigate identified risks and respect the **ILO Convention 169 on the Rights of Indigenous Peoples**.

2 ENVIRONMENTAL PROTECTION

STIHL takes responsibility for the environment. We are aware of the resource scarcity and our responsibility towards future generations. We therefore expect our suppliers to constantly minimize their environmental impact and hazards and to continuously improve environmental protection in their daily business operations. The supplier **must** comply with all applicable environmental laws, standards and other regulations. We **prefer** suppliers who continuously improve their environmental performance and therefore implement an environmental management system based on **ISO 14001**.

2.1 Avoid damage to the natural basis

The supplier **must not** cause any harmful alteration, consumption, waste, contamination, pollution or noise that significantly affects the natural basis for the preservation and production of food, denies a person access to clean drinking water, impedes or destroys access to sanitary facilities or damages the health of a person.

To protect the natural basis the supplier **must**, at a minimum, take the following actions:

- Compliance with all applicable international conventions especially **Minamata Convention** (use of mercury), **Stockholm Convention** (persistent organic pollutants), **Basel Convention** (transboundary movements of hazardous wastes and their disposal).
- Labeling of environmentally hazardous or toxic substances and storing, using and disposing them in a manner so that spills are prevented.
- Compliance with SWN 39003 (REACH & RoHS) regulations on banned and restricted substances.

We **prefer** suppliers who take measures within their own sphere of influence to prevent damage to natural ecosystems such as forests and to promote their protection and conservation. We also encourage the supplier to take measures to substitute or at least reduce the use of environmentally harmful chemicals.

2.2 Environmentally sound use of resources

The supplier **must** handle resources responsibly (i.e. energy, water, raw materials, primary materials) and avoid wastage. We **prefer** suppliers who actively promote recycling within their sphere of influence. This includes the use of recycled materials and their integration into product development.

2.3 Reduction of greenhouse gas emissions

The reduction of climate-damaging emissions is a key concern for STIHL. The supplier **must** take measures to generate transparency about the emissions of its own business activities, including supply chain. We **prefer** suppliers who have a carbon management system and take measures to continuously reduce their greenhouse gas emissions.

3 CORPORATE GOVERNANCE AND BUSINESS RELATIONS

At STIHL, all our actions are based on the fundamental values of sincerity, lawfulness and fairness. Conducting business operations in compliance with the law is essential for STIHL. The supplier **must** comply with all legal regulations, in particular with regard to anti-corruption and anti-fraud, anti-money laundering, competition and antitrust law, tax law, data protection and privacy, and export control. We expect our suppliers to ensure compliance with all mandatory requirements in a traceable manner. We therefore **prefer** suppliers who have implemented a compliance and risk management system to an appropriate extent, including corresponding training.

3.1 Combating corruption and anti-competitive behavior

Corruption in any form, including extortion and bribery, will not be tolerated by STIHL. Our supplier **must** commit to the prohibition of corruption and therefore implement regulations on the avoidance of corruption, including guidelines on the acceptance and giving of (tangible and non-tangible) gifts in the company. In addition, we expect that fair competition is just as important to our suppliers as it is to us and that they do not enter into any anti-competitive agreements with third parties or abuse a dominant market position.

3.2 Handling confidential information

Our supplier **must** maintain confidentiality to protect sensitive information that requires protection. For this purpose, the supplier agrees to enter into a non-disclosure agreement with STIHL.

4 RESPONSIBLE PROCUREMENT

For STIHL, sustainable procurement means paying attention to their impact on the environment and society when selecting products, services and suppliers. We expect our suppliers to align their own procurement activities with these principles. The supplier **must** ensure that they comply with all applicable laws and regulations in their procurement activities including procurement or production of raw materials. A supplier using so-called conflict minerals (tin, tantalum, tungsten and their ores and gold) **must** comply with the applicable legal requirements regarding due diligence and verification systems along the supply chain ([EU Conflict Minerals Regulation](#), [Dodd-Frank Act Section 1502](#)).

The supplier **must** have appropriate measures to pass on the requirements of this Code of Conduct to his business partners. We **prefer** suppliers who promote responsible sourcing within their sphere of influence by identifying and assessing potential human rights and environmental risks in the supply chain and, if necessary, taking measures to avoid or mitigate them. In particular, the extraction, production, transportation, trade, processing and export of raw materials such as minerals (e.g., cobalt, copper, lithium, aluminum and steel) may contain such risks. They should therefore be given special consideration by implementing measures to create transparency and control.

5 AMENDMENTS

The requirements defined in this Code of Conduct may be adjusted from time to time depending on the results of risk analyses continuously conducted by STIHL. The supplier will be informed by STIHL one (1) month prior to any adjustment coming into force.

6 IMPLEMENTATION

The following measures are taken to promote the implementation of this Code of Conduct:

Complaint mechanism: To learn about (possible) violations of requirements given in this Code of Conduct, STIHL maintains a **complaint mechanism** (<https://stihl.integrityline.com/>).

Escalation process: STIHL supplier management includes a defined escalation process. The sustainability requirements are integrated into this process. An escalation is started when certain threshold values are reached, e.g. in the regular supplier evaluation, or event-related.

Verification of implementation: To verify compliance with the requirements defined in this Code of Conduct, STIHL reserves the right to request a self-assessment from its suppliers, to conduct audits or to commission third parties with auditing. These measures serve to promote joint improvement in the same way as the Code of Conduct. We expect our suppliers to support us accordingly in conducting such measures.

7 LIABILITY AND SIGNATURE

With its signature, the supplier undertakes to recognize and comply with all principles and regulations of the STIHL Code of Conduct for Suppliers. This obligation applies to all locations of the supplier as well as to all locations of the supplier's affiliated companies.

Affiliated companies of the supplier are companies which are directly or indirectly controlled by the supplier. Control in the sense of this regulation means that the supplier directly or indirectly owns more than 50% of the company shares or voting rights in the affiliated companies. By signing this agreement, the supplier confirms that it has all the necessary powers of attorney to be able to effectively make this commitment on behalf of the affiliated companies as they are defined in this agreement.

PLACE, DATE

SUPPLIER NAME

FIRST NAME, LAST NAME, POSITION

SIGNATURE