

# Autoneum Group 3<sup>rd</sup> Party Due Diligence Manual

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## 1. Purpose

This directive outlines the process to establish background investigation conducted on a third party that Autoneum is working with or considering contracting. It is a process of examining the situation of an existing or a potential business partner to assess and mitigate risks regarding environmental, social, legal and compliance/governance aspects of their business activities (due-diligence).

To maintain the evolving needs and requirements of Autoneum and its stakeholders, the document will be regularly reviewed and updates will be prepared as required.

The latest released version of this document will be available electronically on the Supplier Portal at [www.autoneum.com/supplier-portal](http://www.autoneum.com/supplier-portal). The Supplier Portal is Autoneum's communication system to its suppliers.

## 2. Scope

This document applies to all third parties that Autoneum is working with.

## 3. Process

### 3.1. Overview

Autoneum uses self-declarations and the Self-Assessment Questionnaire (SAQ) provided by the service provider NQC for conducting due diligence on third parties.

SAQ from NQC covers themes such as Company Management, Working Conditions and Human Rights, Health and Safety, Business Ethics, Environment, Supplier Management and Responsible Sourcing of Raw Materials.

SAQ has been put into use by several of the participating OEMs from Drive Sustainability (Annex 5.3) and is intended to avoid duplication and improve efficiency. Drive Sustainability members have a set of common guidelines outlining expectations for suppliers on key responsibility issues (Annex 5.3). OEMs using SAQ through the NQC Common Technical platform are for example: BMW Group, Daimler Truck, Mercedes-Benz, Ford, Honda, Jaguar Land Rover, Scania, Toyota Motor Europe, Volkswagen Group, Volvo Car Corporation, Volvo Group.

### 3.2. 3<sup>rd</sup> Party Risk Screening

Autoneum Purchasing is managing the process of the initial risk screening of direct material suppliers on environmental, social, legal and compliance/governance aspects through a coordinator from each BG (Business Group). Based on the result, the SAQ and the self-declarations are put in place for the suppliers.

The SAQ will be implemented for all suppliers of Autoneum according to risk categories. Autoneum Purchasing scans all direct material suppliers from each BG based on the following criteria.

1. Environmental risks in the manufacturing processes of suppliers

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2. Environmental footprint of logistics in relation to supply chain
3. Risks in the supply chain related to working conditions
4. Corruption and bribery risks associated with supply chains

For each of the criteria a risk prioritization factor is used to evaluate impact and probability of the risk to appear.

Based on the criteria and considering the risk part families, Autoneum Purchasing identifies a worldwide list of suppliers to be included in the initial phase of the SAQ process.

SAQ is run annually based on the risk evaluation and in line with OEM and regional legal requirements. For the remaining suppliers not part of the SAQ campaign, self-declarations are mandatory. Autoneum Purchasing is requesting the self-declarations from the suppliers via the regional coordinators.

### 3.3. 3<sup>rd</sup> Party Invitation, Responding and Validation

The supplier gets an email from Autoneum Purchasing (coordinator from each BG in this process) with detailed instructions on how to register on the NQC portal and provide the data on the NQC web platform. NQC Customer Service is supporting in case of an error or request from suppliers during the SAQ.

The supplier answers the SAQ within a required deadline.

NQC validates the answers and documents of evidence for accuracy, completeness and validity.

NQC provides Autoneum a detailed analysis of the results. The table below shows an example of supplier ratings based on the questionnaire results.

Red	<p>Non-compliance of supplier regarding Autoneum requirements.</p> <p>The supplier is required to submit a corrective action plan to address all 'non-compliant' scored questions. The corrective action plan must be submitted to Autoneum within six weeks after the SAQ results are shared with the supplier. After the supplier action items have been addressed and implemented, a mandatory follow-up is required.</p> <p>In the meantime:</p> <ul style="list-style-type: none"> <li>- In case of a 'new supplier', nomination is not allowed.</li> <li>- In case of an 'existing supplier', supplier will be put on escalation.</li> <li>- The supplier is considered as a potential candidate for external audit. The external audit costs are to be covered by the supplier.</li> </ul>
Amber	<p>Non-compliance of supplier regarding Autoneum requirements.</p> <p>The supplier is required to submit a corrective action plan to address all 'non-compliant' scored questions. The corrective action plan must be submitted to Autoneum within six weeks after the SAQ results are shared with the supplier. After the supplier action items have been addressed and implemented, a mandatory follow-up is required.</p> <ul style="list-style-type: none"> <li>- In case of a 'new supplier' nomination is allowed with restriction.</li> <li>- In case of an 'existing supplier' follow-up on CAP (Corrective Action Plan).</li> </ul>

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	<ul style="list-style-type: none"> <li>- The supplier is considered as a potential candidate for external audit. The external audit costs are to be covered by the supplier.</li> </ul>
Green	<p>Compliance of supplier regarding Autoneum requirements.</p> <p>No further need for corrective actions.</p> <ul style="list-style-type: none"> <li>- In case of a 'new supplier' nomination is allowed without any restriction.</li> <li>- In case of an 'existing supplier' regular monitoring. Continuous collaboration with supplier via visits/audits</li> </ul>

**3.4. Corrective Action Plan (CAP)**

Suppliers with identified gaps shall deliver a CAP. Supplier CAP must address all 'non-compliant' scored questions. The details of category scores, risks and gaps will be accessible to the supplier from the report by NQC.

The supplier updates the SAQ after implementing the corrective actions. NQC validates the answer update and attachments for accuracy, completeness and validity.

The supplier and Autoneum Purchasing see in the NQC platform which gaps were closed by the actions and which remaining gaps were still identified by NQC.

Autoneum reserves the rights to request an external audit to confirm compliance at any time.

**3.5. External Audits**

Autoneum reserves the rights to have any of its suppliers' audited to confirm compliance with Autoneum requirements at any time. Such external audit is at the supplier's expense.

**3.6. Conflict Mineral and Cobalt Reporting**

Autoneum uses the IMDS system to understand the materials purchased from its supply chain. Additionally for the suppliers selected as part of third-party risk screening, there is an enforced follow up via the NQC self-assessment questionnaire. Within the IMDS system, it is required to declare to Autoneum if the supplied products are containing Conflict Minerals (Tin, Tantalum, Tungsten, Gold) and Cobalt. The Material Compliance Team from R&T is leading the process in collaboration with Autoneum Purchasing and third party service provider to obtain Conflict Mineral and Cobalt reports from all suppliers who declared such content in IMDS.

Autoneum submits annually a company level CMRT report (Annex 5.1) to each impacted OEM in line with their individual reporting deadlines. A separate Extended Mineral report (EMRT) is completed annually covering Cobalt and reported within NQC self-assessment questionnaire together with the company level CMRT report (Annex 5.1).

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## 3.7. Child Labor

All suppliers which are not yet part of the NQC SAQ campaign shall provide a self-declaration (Self-Declaration Confirmation as per Annex 5.4), related to Child Labor and Autoneum’s Code of Conduct for Suppliers (Annex 5.2). Autoneum Purchasing is requesting via the coordinators per each BG the completion of the self-declaration by the suppliers.

## 4. Contact

Questions regarding this manual, Autoneum’s requirements and their evaluation can be addressed to your contact person at Autoneum or Autoneum Purchasing.

General information for suppliers can be found on the web: [www.autoneum.com/supplier-portal](http://www.autoneum.com/supplier-portal)

For technical questions regarding the SAQ process on the NQC platform as well as questions regarding the content, e.g. definition of requirements, please contact our service provider NQC Ltd. directly.

Help and support for suppliers in the web: <https://supplierassurance.com/help>

Live chat and contact us from: <https://supplierassurance.com/contact>

E-mail: [auto.support@nqc.com](mailto:auto.support@nqc.com) ▪ Phone: +44 (0) 161 413 7983 (multi-lingual)

## 5. List of Abbreviations

BG	Business Group
CAP	Corrective Action Plan
CMRT	Conflict Mineral Reporting Template
EMRT	Extended Minerals Reporting Template
IMDS	International Material Data System
OEM	Original Equipment Manufacturer (customer)
RMI	Responsible Minerals Initiative
R&T	Research & Technology
SAQ	Self-Assessment Questionnaire

## 6. Annexes

### 6.1. CMRT and EMRT

The Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) are free, standardized reporting templates developed by the Responsible Minerals Initiative (RMI) that facilitates the transfer of information through the supply chain regarding mineral country origin and the smelters and refiners being utilized.

### 6.2. Code of Conduct for Suppliers

The Code of Conduct for Suppliers sets principles for suppliers to act fairly and ethically, provide safe working conditions and use environmentally responsible practices whenever they provide goods or services for Autoneum.

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### 6.3. Drive Sustainability

Drive Sustainability is a partnership of several automotive companies leading the transformation towards a circular and sustainable automotive value chain.

Drive Sustainability members: BMW Group, Daimler Truck, Mercedes-Benz, Ford, Honda, Jaguar Land Rover, Scania, Toyota Motor Europe, Volkswagen Group, Volvo Car Corporation, Volvo Group.

### 6.4. Child Labor

Self-declaration confirmation for suppliers which are not yet part of the NQC SAQ campaign:

*The undersigned Supplier of Autoneum herewith confirms that no child labor is used in any of its or its suppliers' facilities worldwide. In particular, the Supplier confirms that*

- *all workers directly or indirectly engaged by the Supplier meet the legal minimum age required to work in the country where the work is performed, or are over the age of 15, whichever is higher; and that*
- *workers under the age of 18 do not perform hazardous work or operate heavy machinery; and that*
- *unless stipulated differently by applicable law, the wage rate for student workers, interns and apprentices is at least the same wage rate as other entry-level workers performing equal or similar tasks; and that*
- *all its suppliers, agents, contractors, and temporary labor agencies supplying goods or services to it are adhering to the same principles as stated here above.*

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