



Supplier Code of Conduct

CODE OF CONDUCT FOR MTU SUPPLIERS





Preview

MTU Aero Engines AG is a signatory of the UN Global Compact. By signing the UN Global Compact, MTU has committed itself to respecting the 10 principles of the UN Global Compact, derived from the Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention against Corruption, as well as the UN Guiding Principles on Business and Human Rights (UNGPs) worldwide. These international initiatives and conventions aim to respect human rights, guarantee international labour standards, protect the environment and fight corruption.

MTU Aero Engines AG and its subsidiaries (hereinafter "MTU") are committed to sustainable, environmentally and socially responsible, ethical corporate governance, which also extends to its entire supply chain management.

The Code of Conduct for MTU Suppliers defines MTU's requirements and principles for MTU suppliers of goods and services, contractors and consultants (hereinafter collectively "Suppliers") regarding human rights, labor standards, climate and environmental protection and anti-corruption.

The Code of Conduct for MTU Suppliers is a mandatory part of all MTU contracts with its Suppliers.

MTU's Suppliers therefore undertake, irrespective of their business location, to comply with and promote all the principles and requirements of the Code of Conduct described below and to provide regular and appropriate training to their employees in this regard.

MTU expects Suppliers to pass on the contents of this Code of Conduct to their subcontractors and to work towards ensuring that their subcontractors and sub-sub-contractors also comply with these principles and requirements.



I. I. Compliance with applicable laws and regulations

As a general principle, MTU expects its Suppliers to comply with all national and foreign laws, regulations and official requirements applicable to their business and operations.

II. Human rights

Suppliers are obliged to respect the UN Universal Declaration of Human Rights, to promote compliance with it and to ensure that they are not complicit in causing or violating human rights.

A. Prohibition of child labour

Suppliers must ensure that they adhere to the ILO Convention on the Minimum Age for Admission to the Employment of Children, and

- not allow children to work who have not yet reached the minimum working age set by the ILO. In countries that fall under the developing country exception to ILO Convention 138, the minimum age may be reduced to 14 years.

- not employ workers for risky work who do not have a minimum age of 18 years according to ILO Convention 182.

B. Prohibition of slavery, human trafficking, forced and compulsory labour

Suppliers must ensure that they do not use or contribute to the use of forced or compulsory labour or any form of slavery, human trafficking or debt bondage.

All work must be voluntary and Suppliers' employees must be free to terminate their employment or engagement and are not required to surrender their official identity card, passport or work permit as a condition of employment. Furthermore, there

shall be no unacceptable treatment of employees, such as sexual, physical and psychological abuse or retaliation of any kind.

C. Compliance with labour standards

Suppliers undertake to comply with the core labour standards of the International Labour Organization (ILO), taking into account the local laws and regulations applicable to the Suppliers.

Freedom of association and the right to collective bargaining

Suppliers undertake to uphold the freedom of association and the right to collective bargaining. They recognize the right of workers to form and join existing trade unions and to engage in collective bargaining. The formation, joining and membership of a trade union shall not be used as a reason for unjustified discrimination or retaliation.

Prohibition of unequal treatment

Suppliers undertake to maintain equal opportunities and equal treatment of their employees irrespective of their national and ethnic origin, social origin, gender, health status, any disabilities, sexual orientation, political or religious beliefs and age, unless unequal treatment is justified by the requirements of employment.

Equal pay and minimum wage

Suppliers undertake to pay their male and female employees equal remuneration for work of equal value.

Suppliers will pay their employees a fair wage, at least the locally applicable legal minimum wage, and provide all legally required fringe benefits.

Occupational health and safety

Suppliers undertake to operate an occupational safety management system that is appropriate in accordance with the respective national standards and eliminates health and safety risks for employees and contractors on site as far as possible in the context of work to be carried out and in the workplace.



Suppliers undertake in particular:

- | not to cause harmful soil changes, water pollution, air pollution, harmful noise emissions or excessive water consumption at the location of the business activity, which significantly impairs the natural basis for the preservation and production of food, denies a person access to safe drinking water, or impedes or destroys a person's access to sanitary facilities, or harms a person's health;
- | that the acquisition, development or other use of land at the location of the entrepreneurial activity does not result in unlawful evictions and that land, forests and waters are not unlawfully taken away by the acquisition, development or other use, the use of which secures the livelihood of a person;
- | to refrain from hiring or using private and/or public security forces for the protection of their company if, due to a lack of instruction or control on the part of the company, there is a risk of torture and cruel, inhuman or degrading treatment, injury to life or limb, or interference with the freedom of association and labour in the use of security forces.
- | The working hours must comply with the working time regulations applicable at the location or the industry standards and must be observed.

Complaints mechanisms

MTU expects its Suppliers to implement a grievance mechanism within their company that allows employees or other stakeholders to report concerns or other potentially unlawful practices at the workplace. This grievance mechanism must guarantee anonymity and no negative repercussions for all those who wish to report possible misconduct or reasonable suspicion.

III. Climate and environmental protection

MTU expects its Suppliers to observe climate and environmental protection with regard to applicable laws and international standards, to practice appropriate environmental and climate management and to follow the precautionary principle in dealing with environmental problems, as well as to promote the development and dissemination of environmentally friendly technologies.

Greenhouse gas emissions, energy efficiency and renewable energies

MTU expects Suppliers to pursue sustainable and active climate protection, for example by increasing energy efficiency or generating or purchasing energy from renewable sources. In doing so, transparency about their CO₂ emissions is to be established and CO₂ reduction targets set, preferably in line with the 1.5 degree scenario of the Paris Climate Agreement.

Sustainable resource management

The use of resources such as energy, water, land and raw materials should be done in an efficient and sustainable way.

IV. Responsible chemical management and disposal

Suppliers undertake to comply with all applicable laws and regulations regarding prohibitions on the manufacture and use of chemicals and materials, e.g. *RoHS* and *REACH*, and to provide evidence of this on request. Processes, operating sites and resources of the Suppliers comply with the respective applicable national legal requirements.

Suppliers undertake in particular to,

- observe the Minamata Convention on Mercury;

- observe the ban on the production and use of substances within the scope of the Stockholm Convention on Persistent Organic Pollutants (POPs) and the ban on the environmentally unsound handling of waste containing POPs;

- observe the ban on the import and export of hazardous waste in accordance with the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.

V. Integrity in business conduct

MTU expects its Suppliers to comply with all applicable laws, rules and regulations in the countries in which they operate or are located, also with regard to ethical corporate governance, and to take appropriate measures to ensure compliance with these laws, rules and regulations.

Fraudulent conduct, deception, false claims with the aim of gaining an advantage for oneself or third parties are prohibited, as is any form of corruption, bribery or extortion.

Prohibition of corruption and bribery

MTU's Suppliers must not tolerate corruption, bribery and venality and must not participate in any way, directly or indirectly.

In particular, they must not tolerate or participate in any illegal payments or the granting of other benefits to any individual, company or public official with the aim of influencing decision-making processes, i.e. MTU's Suppliers must not offer, promise or grant, either themselves or through third parties – under any circumstances – bribes, kick-backs or other inducements, favours or other advantages or benefits of value for the realisation of business opportunities, to obtain unfair advantages, to accelerate or facilitate an official act ("facilitation payments") or in any other connection with business activities with MTU.

Suppliers are expected to have a compliance programme in place that is aligned with their business-specific risks in order to prevent corruption in any form in their business activities. In particular, Suppliers must have internal guidelines and processes in place to prevent corruption and bribery, train their employees in this regard and regularly review the effectiveness of the compliance programme.

Prevention of money laundering and terrorist financing

MTU expects its Suppliers to comply with applicable legal obligations for the prevention of money laundering and terrorist financing and not to engage directly or indirectly in money laundering activities or terrorist financing or to promote such activities.

Gifts and invitations

In any business relationship, Suppliers must ensure that the offering or receiving of gifts or business courtesies is permissible under applicable laws and regulations and that such exchanges do not violate the rules and standards of the recipient's organisation and are also consistent with market practice and custom.

Invitations and gifts to business partners, customers or public officials or persons close to them may only be granted if the occasion and the extent are appropriate and socially adequate, i.e. they are of low value and can be regarded as an expression of courtesy and locally generally accepted business practice.

Gifts of money or monetary benefits (such as vouchers, vouchers, payment cards, etc.) may neither be offered nor accepted.

Fair competition and antitrust law

Suppliers shall act in accordance with national and international competition laws and shall neither openly nor tacitly enter into anti-competitive agreements (such as price agreements, sharing of markets or customers, market agreements or bid rigging). Suppliers shall – insofar as this is reasonable in view of the size of the company – ensure through appropriate training that employees are familiar with the basics of competition and antitrust law.

Conflicts of interest

Suppliers must avoid all conflicts of interest with MTU that could influence the business relationship. This includes avoiding, to the best of their knowledge, any situation that gives the appearance of a potential conflict of interest. Should a conflict of interest nevertheless occur or should the Suppliers specifically suspect such a conflict, the Suppliers shall immediately notify all companies and persons potentially affected by the conflict of interest.

MTU's reporting office for compliance violations

In the event of suspected violations of this Code of Conduct for MTU Suppliers or suspected unlawful conduct on the part of MTU or persons employed by MTU, a neutral MTU contact point is available to all Suppliers, their employees or other parties concerned. This point of contact can be reached through various channels.

You can contact the contact point by e-mail (ombudsmann@mtu.de). Alternatively, you can also use our online whistleblowing system iTrust (<https://www.bkms-system.com/mtu>). The secure and confidential handling of the contents of each report is guaranteed. Incoming reports will not be traced to the originator nor will the originator be automatically registered. The content of incoming reports will be forwarded to MTU's Compliance Office for clarification. There, the procedure will be coordinated and a decision made on further measures. All reports will be treated confidentially.



MTU Aero Engines AG
Dachauer Straße 665
80995 Munich | Germany
Tel. +49 89 1489-0
Fax +49 89 1489-5500
info@mtu.de
www.mtu.de