

# CODE OF CONDUCT for Business Partners

## Preamble

In recent years E. ZOLLER GmbH & Co. KG Einstell- und Messgeräte (hereinafter referred to as “E. ZOLLER GmbH & Co. KG” or “ZOLLER”) has become a world leader in high precision machines for the presetting, measuring and inspection of cutting tools, in software, interfaces, Cloud services and solutions for automated tooling, and in combining these offerings to deliver individual system solutions.

Strict compliance with legislation as well as responsible and fair business practices are of utmost importance to our company and an integral part of our corporate values.

Our products inspire people, improve their quality of life and contribute to the conservation of natural resources. Prioritizing being sustainable in our actions is an important part of the way we see ourselves and of our enterprise strategy.

We are committed to and promote compliance with existing international human rights and social norms within our supply chains.

Our business partners are instrumental in our success. In our opinion, a common understanding of ethical and sustainable actions serves as a sound foundation on which to build. We see the requirements and principles of this “Code of Conduct for Business Partners” as an essential integral part of any working relationship between E. ZOLLER GmbH & Co. KG and our business partners.

The social and environmental standards and processes described herein are based on the Ten Principles of the UN Global Compact, the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

The purpose of these regulations is the implementation of the *Lieferkettensorgfaltspflichtengesetz* (the German Supply Chain Act, “LkSG”) and other equivalent national regulations.

The requirements and principles of this Code of Conduct are an essential integral part of the contractual obligations and working relationship between our business partners and E. ZOLLER GmbH & Co. KG. This means that our business partners agree to observe and embrace the following principles of this Code of Conduct. Furthermore, they agree to educate their employees in this regard at regular intervals and by reasonable means. These contents also apply to the suppliers and other third parties commissioned by our business partners for the performance of their contract. Our business partners shall consequently integrate requirements into their own contracts that correspond to the contents of this Code of Conduct. We expect them to ensure that their suppliers and other third parties undertake to meet these commitments.

We are aware that legal and cultural requirements in certain countries, business sectors or markets may be at variance with this Code of Conduct. If the requirements that are applicable in certain countries, business sectors, or markets are stricter than those set out in this Code of Conduct, the stricter requirements shall apply.

This Code of Conduct shall apply to all business partners of E. ZOLLER GmbH & Co. KG. Business partners within the meaning of this Code of Conduct are all third parties who act for, in the name of, or together with E. ZOLLER GmbH & Co. KG. These shall include but shall not be limited to suppliers, subcontractors, consultants, real estate brokers, agents, sales representatives, service providers and freelancers.



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Since national and international regulations develop fast, we reserve the right to make the appropriate modifications to this Code of Conduct, especially, but not only, as a consequence of amendments to the relevant laws and regulations. The business partner shall receive a notification from E. ZOLLER GmbH & Co. KG by reasonable means, in the event that an amendment is made to this Code of Conduct.

## Principle of compliance with legislation

E. ZOLLER GmbH & Co. KG adheres to the principle of strict compliance with legislation for all actions, measures, contracts and other transactions conducted by ZOLLER and its subsidiaries (together, the "ZOLLER-Group"). The principle of compliance with legislation includes but is not limited to the payment of outstanding taxes and customs duties, compliance with competition and antitrust law, prohibiting corruption and money laundering, acquiring the necessary permits from authorizing agencies, complying with export control laws and observing the statutory rights of third parties. This shall also apply to the development and manufacture of products and the provision of services.

Consequently, we expect that within the context of their business activities with ZOLLER, our business partners shall comply with the respective applicable laws, the basic Principles of the UN Global Compact and this Code of Conduct and that they shall undertake to ensure that third parties commissioned by them for the performance of their contract with ZOLLER comply with this Code of Conduct.

## Treatment of employees

Our business partners shall comply with fundamental workers' rights as set out in the applicable national law in force at the time. The following principles are based on the fundamental principles of the International Labour Organization (ILO).

### Human rights

Our business partners shall respect international human rights and actively ensure that they are complied with. The United Nations Guiding Principles on Business and Human Rights shall serve as a basis in respect thereof.

### Child labor

Our business partners shall only employ persons who have reached the minimum age required for the performance of the work as set out in the applicable national law in force at the time. Furthermore, they shall respect and observe the rights of children. They shall also comply with the provisions of ILO Convention 138 on the minimum age of employees and ILO Convention 182 on the elimination of the worst forms of child labor.

### Forced labor

Our business partners are against any form of forced labor, including but not limited to human trafficking, torture and any form of slavery or compulsory labor, and respect the principle of freely chosen employment.

### Freedom of association

Our business partners respect the freedom of association and the right to organize interest groups. They shall grant their employees the right to represent their interests on the basis of national laws. Within the context of statutory regulations and in compliance with ILO Convention 98, they shall grant



the right to collective bargaining to regulate the terms and conditions of employment, and the right to strike.

### **Equal opportunity**

Our business partners shall not tolerate the discrimination of employees on the basis of skin color, ethnic origin, gender, age, nationality, social origin, disability, sexual orientation, religion or worldview. The same shall apply to any form of harassment. The principle of equal pay for work of equal value, regardless of gender, shall apply in situations in which functions and duties are comparable. The ILO Conventions shall be complied with.

### **Fair terms and conditions of employment**

Our business partners agree to grant the right to fair terms and conditions of employment in accordance with the applicable ILO Convention. Our business partners shall pay remuneration and social security benefits which, at the very least, correspond to national and local statutory standards, regulations and agreements. The respective applicable regulations governing working hours and vacation shall be complied with.

### **Occupational health and safety**

Our business partners shall, at the very least, comply with the respective national standards for a safe and hygienic work environment and, in respect thereof, take the appropriate measures to ensure health and safety in the workplace, with the aim of guaranteeing healthy working environments. Furthermore, our business partners shall consider the introduction and future development of an occupational health and safety management system (SMS) corresponding to ISO 45001, or of an occupational health and safety management system specifically designed for their business sector, and shall, in this regard, introduce measures aimed at implementing a SMS by any suitable means.

### **Protection against compulsory evacuation and land dispossession**

Our business partners shall undertake never to carry out an unlawful compulsory evacuation. Furthermore, they shall undertake never to unlawfully dispossess persons of their land, forests or water by means of purchase, building development or some other form of use.

### **Use of private or public security officers**

Our business partners shall undertake to refrain from commissioning or utilizing private or public security officers, in the event that the company is unable to provide adequate instructions or undertake effective controls and there is a risk that while the security officers are on duty torture and cruel, inhumane or degrading treatment, damage to life and limb, or restrictions on the freedom of association and to form coalitions could occur.

## **Environmental protection**

Our business partners shall avoid risks to people and the environment, minimize their environmental impact and use resources sparingly.

The processes, business premises and equipment of our business partners shall comply with the applicable legal and regulatory requirements and standards for fire and environmental protection. Furthermore, our business partners undertake to introduce and develop an environmental management system corresponding to ISO 14001 or an environmental management system specifically designed for their business sector. Our business partners are also obliged to introduce measures aimed at implementing the objectives of ISO 14001 in a suitable way.



### **Climate protection**

We expect our business partners to make an active and sustainable contribution towards protecting the climate, including by enhancing energy efficiency or by generating or utilizing energy from renewable sources.

### **Water consumption and quality**

Our business partners undertake to use water wisely. Especially in areas in which water is in short supply, water consumption shall be kept to a minimum and access to drinking water and sanitary installations granted. Waste water quality standards shall be defined and monitored in compliance with the framework provided by the applicable legal and regulatory requirements.

### **Air quality and soil quality**

Our business partners shall, at the very least, comply with the respective legal and regulatory requirements as well as the requirements of the local authorities.

### **Materials and disposal**

We expect our business partners to minimize any and all of the environmental impacts of their business activities and use resources sparingly. Materials shall be recycled whenever possible. When dealing with waste, our business partners prioritize trying to avoid creating waste before focusing on its disposal. Our business partners shall, at all times and at the very least, comply with the relevant legal and regulatory requirements.

## **Business relationships**

### **Avoiding conflicts of interest**

Our business partners shall make their decisions on the basis of objective criteria and not be influenced in an improper way by personal interests.

In the event that our business partner acquires knowledge of a potential conflict of interest in connection with our company, they shall notify the compliance contact person without delay.

### **Free competition**

Our business partners shall behave fairly towards their competitors and comply with the applicable legal requirements that protect free competition.

They shall not enter into agreements or concerted practices with other companies which have as their object or effect the prevention, restriction or distortion of competition according to existing antitrust legislation and shall not unlawfully abuse a dominant position in the market.

### **Corruption**

Our business partners shall ensure compliance with the respective applicable anti-corruption laws. They shall especially, but not exclusively, ensure that their employees, subcontractors or representatives do not offer, promise or give an advantage to employees of the ZOLLER Group with the intention of procuring a contract or receiving preferential treatment in their commercial transactions. These principles also apply insofar as our business partners work together with other third parties in connection with their activities for ZOLLER.

Our business partners shall under no circumstances tolerate payments or other gratuities to individuals, a company or a public official with the intention of influencing the decision-making processes of the beneficiary or of a third party, irrespective of whether or not applicable laws and regulations are violated. Our business partners shall only make financial contributions in connection with advertising campaigns, donations and sponsorship within the framework of what is legally permissible and customary.



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Our business partners shall likewise under no circumstances offer, give, request or receive illegal payments such as bribes, payoffs and kickbacks, or other gratuities in exchange for business or in connection with a business relationship.

### **Trade secrets**

We often gather insights about confidential know-how, ideas, concepts and plans in the course of our working relationships with customers and business partners. The trust that is placed in us in this regard is one of the fundamentals of the business of E. ZOLLER GmbH & Co. KG. The same applies to ZOLLER's own internal information, including but not limited to new product developments, business ideas or company records. It is therefore of utmost importance to us that information is treated confidentially and the reason why we expect the same of our business partners.

Our business partners shall ensure that confidential information of ZOLLER is treated confidentially and intellectual property is protected. This shall also apply beyond the termination of the business relationship.

Furthermore, our business partners shall comply with all applicable data protection regulations and shall only use the software of third parties (including but not limited to open-source software and firmware) within the framework and scope of the rights that have been granted and in compliance with the relevant license terms.

### **Money laundering**

Our business partners shall comply with the relevant provisions of law or statute on the prevention of money laundering.

### **Customs and export control regulations, sanctions**

Our business partners shall abide by international customs and export control regulations and take a proactive approach to the exchange of information of relevance to foreign trade with the purpose of ensuring supply chain security.

Our business partners shall comply with the regulations governing sanctions and embargoes that are applicable to ZOLLER and its business partners as well as the provisions concerning the transport of goods, technologies, services and information, and anti-terrorist financing.

### **Data protection and data security**

Our business partners shall be obliged to ensure, in all business processes, the right to informational self-determination, the protection of personal data, and the security of all business information and personal data in compliance with the statutory provisions and the applicable data protection and information security laws.

### **IT security**

Electronic data processing systems are an absolute necessity. Interference in these systems or malfunction can have serious consequences, including but not limited to data loss, personal data theft or copyright infringement. E. ZOLLER GmbH & Co. KG has therefore taken appropriate measures and introduced rules to safeguard the confidentiality, integrity and availability of information in electronic format.

We expect our business partners to do likewise and ensure the protection of information in electronic format by means of appropriate security measures. They shall especially, but not only, take all the necessary measures to prevent internal or external data abuse and threats to sensitive information.



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## NOTIFICATION SYSTEM, COMPLAINTS PROCEDURE

All business partners – their employees or the persons concerned – are requested to report any suspicious cases or potential violations of this Code of Conduct. The intention of the system is to limit the negative effects of such violations and avoid similar forms of misconduct in the future.

Notifications can be sent to the contact addresses given in the Appendix. Our business partners shall inform their employees of this notification option.

If required to do so by national law, our business partners shall set up their own notification system, or join a system specifically set up for their sector of industry.

## Funding of armed groups

Our business partners shall undertake to ensure that the direct or indirect funding of armed groups is prohibited. In this connection, they shall observe the respective statutory provisions regarding “conflict materials” and shall comply with these appropriately.

## Compliance with this Code of Conduct, control procedures

Our business partners shall communicate this Code of Conduct to all third parties commissioned by them to perform the contractual relationship with ZOLLER, take this Code of Conduct into consideration in their choice of third parties, and work towards ensuring that it is complied with.

ZOLLER shall reserve the right to assess, by reasonable means, the compliance of their business partners with this Code of Contact. ZOLLER shall consult with their business partner as to the scope, time frame and place of performance of any such assessment.

Any violation of this Code of Conduct constitutes an interference with the business relationship between ZOLLER and the business partner. The business partner shall be required to inform ZOLLER, within a reasonable period of time, of the internal measures that the company has undertaken to prevent future violations. In the event that the business partner fails to fulfill these obligations within a reasonable period of time, that it can be proved that the business partner has not introduced any appropriate improvement measures within a reasonable period, or that the violation is so serious that a continuation of the business relationship becomes unconscionable for ZOLLER, ZOLLER shall reserve the right, regardless of other rights, to terminate the contract relationship concerned with immediate effect, or to withdraw from the contract in question.

We urge all our business partners to join us in our commitment to basing our everyday business actions on the principles of integrity, fairness and independence.

**E. ZOLLER GmbH & Co. KG**

  
**Alexander Zoller**  
 Managing director

  
**Christoph Zoller**  
 Managing director

  
**Eberhard Zoller**  
 Managing director



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**Compliance contact person**

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