

NMS SUPPLIER SUSTAINABILITY POLICY

1. INTRODUCTION

At NMS s.r.o. (further NMS), we believe that 'sustainability' means investing into our future. But it also forms the basis of our commercial success today. It opens up new business opportunities and allows us to minimize risks and find timely solutions to environmental, social and business challenges - for us and our stakeholders. Therefore, we aspire to be the most successful and sustainable premium provider of individual mobility.

Our global supplier network makes a major contribution to value creation and innovative strength, and hence to the success of the NMS. Consequently, our suppliers also play a significant role in helping us to achieve our sustainability targets, e.g. improving resource efficiency and reducing CO₂ emissions over lifecycle. Therefore, it is essential that our business partners meet the same environmental, social and governance standards we set for ourselves.

This policy summarizes the NMS guiding principles for the worldwide supplier network, in accordance with globally accepted standards and internationally recognized guidelines regarding ESG¹-topics (see 'references'). We require our business partners to ensure legal compliance on any level, to protect the environment and respect human rights in line with international expectations.

Meeting our sustainability requirements for suppliers is fully integrated into our procurement process.

We believe that we can only enhance the overall sustainability performance through continuous and collaborative supplier development and consistent supplier and subsupplier management. Considering the growing complexity of our n-tier supplier network, we depend on joint efforts with our direct suppliers, to obtain more transparency and effectiveness.

¹ Environmental, Social and Governance/Compliance

2. SUPPLIER RESPONSIBILITIES

NMS requires their suppliers and partners to comply with the same policies and procedures that we adopted at NMS, specifically regarding the following topics:

Working conditions and human rights

- Child labour and young workers
- Wages and benefits
- Working hours
- Modern slavery (i.e. slavery, servitude and forced or compulsory labour and human trafficking)
- Freedom of association, incl. collective bargaining
- Harassment and non-discrimination

Health and Safety

Business ethics

- Corruption, extortion and bribery
- Privacy and data protection
- Fair competition and anti-trust
- Conflicts of interest
- Whistleblowing and protection against retaliation

Environment

- emissions, energy efficiency and renewable energy
- Water quality and consumption
- Air quality
- Sustainable resources management and waste reduction
- Chemical management

Sustainability requirements for own suppliers

3. ENVIRONMENTAL PROTECTION

We expect all suppliers of the NMS to comply with national and international environmental standards and regulation and to operate an effective and certified environmental management system according to ISO 14001 to continuously minimize their resource consumption (i.e. energy, water, raw materials, primary materials) and environmental impact (i.e. emissions, pollutants, waste).

4. CO₂ REDUCTION

The NMS is fully committed to the 'Paris Agreement' (COP 21). Therefore, one major focus of our sustainability activities is lowering CO₂ emissions over the complete product lifecycle, from development, raw material production to recycling. With more than 70% of value creation, our supplier network has a huge impact on the carbon footprint of our products.

We demand from our suppliers to provide transparency regarding emissions data from their own operations as well as from upstream activities, e.g. via Lifecycle Assessments (LCA), the CDP Supply Chain Program or our CO₂ questionnaire for production locations. Also, we expect our suppliers to implement effective measures to reduce their direct and indirect CO₂ emissions (including their upstream supply chain) in line with the Paris Agreement.

5. MATERIAL RESTRICTIONS

Our suppliers and sub-suppliers shall comply with all applicable laws and regulation regarding the restriction and registration and where necessary, authorization or notification of chemical substances contained in the end product or production process according to the statutory requirements that apply to the corresponding market (e.g. REACH).

In addition, suppliers shall adopt new process and best practice not only securing the supply of parts and components, but also addressing the environment as well as health and safety concerns.

To implement the above-mentioned standards, our suppliers shall disclose information in support of the

- identification of critical parts related to the vehicle projects and
- substitution of the affected parts in line with the technical, business and sustainability requirements.

6. BIODIVERSITY AND DEFORESTATION

Supply chain activities - including raw material production and processing – shall protect natural ecosystems and halt conversion, deforestation and forest degradation based on identification and management of natural forests and other natural ecosystems, using the guidelines of the High Conservation Value Resource Network (HCV) and the High Carbon Stock Approach (HCSA), where applicable.

7. HUMAN RIGHTS AND WORKING CONDITIONS

It is crucially important to NMS, that all business activities take into account the company's social responsibility towards its own employees and society. As stated in the 'Joint Declaration on Human Rights and Working Conditions in the NMS' as well as the 'NMS Code on Human Rights and Working Conditions', this applies both to the NMS itself and its business partners. Therefore, all suppliers are called upon to observe the principles and rights set forth in the guidelines of the UN Initiative 'Global Compact' and the 'ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up' and to align their due diligence process with the requirements of the 'Guiding Principles on Business and Human Rights' by the United Nations.

Of particular importance are the respect for human dignity and internationally recognized human rights like

- the prohibition of child labor,
- the prohibition of modern slavery (i.e. slavery, servitude and forced or compulsory labor and human trafficking),
- the prohibition of harassment and discrimination,
- ensuring the right to freedom of association and collective bargaining and
- compliance with all applicable labor regulations e.g. regarding working hours, wages and benefits and work safety.

8. HEALTH AND SAFETY

We expect all suppliers of the NMS to comply with national and international health and safety standards and regulation and to operate an effective and certified health and safety management system according to ISO 45001, OHSAS 18001 or similar, to continuously minimize health and safety risks and improve working conditions for the workforce including sub-contractors working on site.

9. RESPONSIBLE SOURCING OF RAW MATERIALS

Extraction, production, transport, trade, processing and export of certain raw materials along the upstream value chain may be linked to high ESG risks for people and the environment. Based on the risk analysis of the 'Material Change' report by Drive Sustainability and the Responsible Minerals Initiative (RMI) we have refined our raw material strategy. We aim to use only raw materials in our products, whose extraction, production, transport, trade, processing and export neither directly nor indirectly contribute to human rights abuses, health & safety issues, environmental pollution or compliance breaches.

With regard to raw materials, such as tin, tungsten, tantalum and gold (3TG) from conflict-affected and high-risk areas (CAHRAs) like the Democratic Republic of the Congo (DRC), as well as other raw materials, such as cobalt, lithium, copper etc., we established processes in accordance with the 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' and expect our suppliers to do the same. Smelters and refiners without adequate, audited due diligence processes in place shall be avoided. Upon request, suppliers shall disclose their supply chain including information on the origin of the material, e.g. via the 'Responsible Minerals Assurance Process' (RMAP) by the RMI.

Raw materials should be obtained from audited sources as a matter of principle wherever possible, using independent, third-party assurance, such as the Standard for Responsible Mining from the 'Initiative for Responsible Mining Assurance' (IRMA).

The NMS participates in multi-stakeholder initiatives which aim to establish the standards set out in this document in raw material supply chains and expects its suppliers also to be active in this kind of activities whenever relevant and necessary.

10. INDIGENOUS PEOPLE

The rights of indigenous peoples and local communities shall be respected, promoted and protected throughout the supply chain in accordance with the 'UN Declaration on the Rights of Indigenous Peoples'. Suppliers are required not to engage in land grabbing, to obtain Free Prior and Informed Consent (FPIC), as defined by the UN-REDD Programme from existing land users and to promote adequate compensation where land use has been granted to the supplier.

11. ANIMAL WELFARE

For NMS it is crucial, that corporate activities consider animal welfare as well. Therefore, we require relevant suppliers to implement standards and best-practice methods to comply with animal welfare along the entire supply chain. In general, animal testing must be avoided and alternative methods free of animal testing must be favored, as long as animal testing is not strictly required by law. In any case, national and international rules regarding animal protection and animal testing, e.g. the German Animal Protection Law (TierSchG) or the EU Directive 2010/63 shall be followed. Further, NMS recognizes following ethical principles and expects suppliers and sub-suppliers along the entire supply chain to respect the same principles:

- The '3R' principle regarding animal testing (reduction, refinement, replacement),
- the 'five freedoms' of the Animal Welfare Committee (AWC) as a criterion to evaluate animal welfare and
- the standards for the improvement of animal health and welfare (Terrestrial Animal Health Code) of the World Organisation for Animal Health (OIE).

12. GOVERNANCE

As stated in the NMS Legal Compliance Code, responsible and lawful conduct is an integral part of our company. We request legal compliance not only from our associates but from all business partners, particularly with regard to corruption and fraud prevention as well as anti-trust matters, taxation regulations, data protection and privacy as well as export controls. In order to ensure such adherence, the NMS expects its business partners to implement an adequate and effective Compliance Management System within their organizations.

13. SUPPLY CHAIN RESPONSIBILITY DUE DILIGENCE

Supply chain due diligence at the NMS is observed based on the 'OECD Due Diligence Guidance for Responsible Business Conduct'. To verify suppliers' compliance with the standards and rules set out in this document, we apply for example the 'SelfAssessment Questionnaire on CSR/Sustainability for Automotive Sector Suppliers' by Drive Sustainability as well as third-party audits and onsite assessments performed by NMS sustainability experts at supplier locations along the entire supply chain.

All suppliers are called upon to implement a due diligence process themselves, to ensure that their contractors and sub-contractors comply with the standards and rules set out in this document, as well. This includes, but is not limited to contractual agreements, a supplier policy for sustainable procurement and audits. Suppliers shall map their supply chain to effectively identify, analyze and prioritize material ESG-risks and take appropriate measures to address them properly.

Upon request, the NMS requires collaboration between suppliers and subsuppliers with the target to obtain maximum transparency in relevant high-risk supply chains, to the source of origin if needed.

14. GRIEVANCE MECHANISM

In case of (potential) violations against the above-mentioned requirements, the NMS has implemented a grievance mechanism, which is available by phone +421 2 32115260 or by e-mail under nms@nms-int.com.

15. ESCALATION PROCESS

The NMS escalation process is regulated across all divisions and is based on performance figures and responsibilities as well as consequences for the suppliers and measures to be taken by the NMS. Sustainability criteria are fully integrated into the escalation process. An escalation can be started upon exceeding thresholds or event-driven for incidents with legitimate criticality. The highest escalation level of our process is equivalent to 'New Business Hold' i.e. the supplier location will be suspended from new placings.