

Code of Conduct for business partners/suppliers of Testo SE & Co. KGaA and its subsidiaries

1 Introduction

Sustainability and legally compliant actions are important components of our responsibility as a company. Testo (hereinafter referred to as TIS) therefore introduced a Code of Conduct for its employees some time ago.

We also expect integrity and law-abiding, ethical conduct from our business partners/suppliers, for whom we have therefore also developed a Code of Conduct. Our business partners/suppliers undertake to comply with the principles and requirements established in the Code of Conduct and to subject their own business partners/suppliers to the following principles in a comparable manner, to regularly check the observance of these along their supply chain and to optimally endeavour to contractually oblige their suppliers/subcontractors to observe the standards and regulations outlined in this document.

We expect our business partners/suppliers to identify risks within their supply chains and to take appropriate measures in relation to them. In the event of any suspected breaches and to safeguard supply chains with heightened risks, our business partners/suppliers shall inform TIS about the identified breaches and risks as well as the measures adopted in a timely and, where necessary, regular manner.

2 Principles and requirements

Adherence to laws and regulations

We expect our business partners/suppliers to adhere to all applicable laws, rules and legal regulations, as well as to adopt suitable measures to ensure this adherence.

This Code of Conduct is particularly based on national laws and regulations such as the German Supply Chain Act (LkSG) and international agreements such as the United Nations Universal Declaration of Human Rights, the guiding principles on children's rights and business principles, the United Nations Guiding Principles on Business and Human Rights, the international labour standards of the International Labour Organization and the United Nations Global Compact.

The principles contained represent minimum standards. The national and other important laws and regulations that apply in the countries where business activities are conducted as well as the principles established in this Code of Conduct must be observed. Of all the applicable regulations, the one that is best suited to realising the protective purpose always takes precedence.

a. Human rights and working conditions

Our business partners/suppliers must ensure compliance with internationally recognised standards on human rights. The aim is to prevent any causation of or involvement in human rights infringements. Our business partners/suppliers furthermore undertake to comply with the fundamental employee rights established by the applicable law and to recognise the core ILO standards, also with regard to the rights of minorities and indigenous peoples.

Prohibition of forced labour

Our business partners/suppliers must not employ anyone in the form of forced labour, slavery or comparable work/practices (other forms of the exercise of power and oppression). All work must be performed voluntarily and without any threat of punishment.

Employees must be able to terminate their work or employment relations at any time in compliance with statutory notice periods. In addition, there must be no unacceptable treatment of employees, such as mental bullying, sexual and personal harassment or humiliation.

When appointing or using security personnel, it must be ensured that these comply with all applicable laws during their work and do not injure people, treat them in an inhumane or degrading manner or impair their freedom of association.

Prohibition of child labour

Child labour must not be used in any production phase. Our business partners/suppliers are instructed to observe the recommendation established in the ILO conventions on the minimum age of employment for children.

According to these, the age should not be less than the age of completion of compulsory schooling in accordance with the law of the place of employment and, in all events, not be less than 15 years.

If children are encountered at work, the supplier must document the measures to be taken to rectify the situation and enable the children to attend school.

The rights of young employees must be protected. Children/adolescents under 18 years of age may not be employed to perform risky work, for which the ILO Convention stipulates a minimum age of 18 years. Special protective regulations must be observed.

Fair pay

Payment for regular hours of work and overtime must be in accordance with the national statutory minimum wage or industry minimum standards, whichever is the higher.

In the absence of legal provisions, our business partners/suppliers undertake to pay their employees a wage that enables them to cover the costs of ordinary living and accrue a minimum amount of savings. Employees must be granted all legally required benefits. No deductions from wages as penalties are permitted.

The supplier must ensure that employees receive clear, detailed and regular written information about the composition of their wages.

Occupational health and safety

Our business partners/suppliers undertake to observe all applicable regulations on working hours and occupational health and safety at the place of employment. Working hours must be recorded and comply with applicable laws or industry standards.

Employees must be able to take breaks at reasonable intervals and have one day off per week.

If employees are housed on the company premises, our business partners/suppliers must ensure that said employees are able to come and go from the premises unhindered when not working.

Our business partners/suppliers are responsible for a safe and healthy working environment. Suitable occupational health and safety systems must be created and used to ensure that the necessary measures are taken to prevent any accidents and damage to health that could occur in conjunction with the commercial activity.

If necessary to protect employees, customers and third parties, both private and public security staff are deployed.

Land-, forest- and water rights and eviction

Our business partners/suppliers commit to respecting the rights of others in regard to land, forests and waters and not to participate in unlawful evictions or the unlawful seizure of land, forests and waters for acquisition, building development or other uses.

Freedom of association

Our business partners/suppliers undertake to recognise the freedom of association and collective bargaining rights within the legal regulations applicable at the placement employment. The right of employees to establish and join organisations of their choice as well as to engage in collective bargaining and to strike must be respected.

Employees must not be discriminated against as a result of establishing, joining or being a member of any such organisation. Business partners/suppliers shall enable trade unions and comparable organisations to operate freely and in accordance with the legal regulations applicable at the place of employment.

Diversity, equality and inclusion

Our business partners/suppliers undertake to promote diversity, equality and inclusion within the company. All employees are treated with respect and dignity what results in an environment that is free from discrimination.

This applies, for example, to discrimination based on gender, race, national, ethnic or social origin, skin colour, disability, health status, political conviction, ideology, religion, age, pregnancy or sexual orientation.

Women's rights

Our business partners/suppliers are convinced that the empowerment of women (in accordance with the principles of the United Nations) to participate fully in the economic life in all sectors is an essential requirement for building a successful society and improving the quality of life of women, men, families and communities.

b. Ethical business practices

Prohibition of corruption and bribery

All forms of corruption or bribery as well as any direct or indirect involvement with these are prohibited. Our business partners/suppliers ensure that their employees do not offer, promise or grant any benefits to TIS employees. Only gifts with a value below the negligibility limit of 20 euros are permitted. Monetary payments to TIS employees are prohibited without exception. Invitations to TIS employees to business trips, works outings, leisure events or other events must be approved in advance by the TIS Board of Directors. Invitations to business dinners are exempted from this mandatory approval, as long as they serve a justifiable business purpose and the expenditure is of an appropriate type and amount.

Avoidance of conflicts of interest

Our business partners/suppliers ensure that no conflicts of interest that could influence the business relations arise during business activities.

The term 'conflict of interest' describes any circumstance that could cast any doubt on an employee's ability to act with complete objectivity with regard to the company's interests. It is important for our business partners/suppliers to ensure that their employees and the employees of their subcontractors who are involved in TIS projects are not subject to any direct or indirect conflict in relation to TIS' business interests. All business partners/suppliers are obliged to inform TIS about any potential conflicts of interest.

Fair competition, intellectual property and compliance with competition and anti-trust laws

Our business partners/suppliers comply with all national and international rules established by competition and anti-trust laws as well as the requirement for fair competition. Our business partners/suppliers ensure that they do not engage in any unlawful agreements or other prohibited activities to influence the market/impede competition as well as not to misuse any potentially market-dominating position.

Our business partners/suppliers furthermore commit to respecting intellectual property rights. Any transfer of technology and knowledge must occur in a manner that protects intellectual property rights and customer information.

Foreign trade and customs regulations, prevention of money laundering and terrorist financing

Our business partners/suppliers comply with all applicable foreign trade and customs regulations. In particular, existing export control, embargo and sanction regulations shall be observed during all business activities and any necessary official export permits shall be obtained.

Our business partners/suppliers shall also ensure that all applicable regulations on the prevention of money laundering and terrorist financing are observed, and that neither money laundering nor terrorist financing are directly or indirectly promoted.

Financial responsibility

With regard to accounting, our business partners/suppliers apply applicable laws and recognised standards. Information is provided continuously and promptly. The financial responsibility and reporting reflects the actual circumstances of the net assets, financial position and results of operations.

c. Environmental protection and sustainability

Environmental protection laws

Our business partners/suppliers undertake to comply with all relevant environmental protection laws and regulations as well as the international standards for the protection of the environment, and to maintain an appropriate environmental management system that meets, inter alia, the requirements of the German waste law (Abfallrecht) and the regulations on emission control and water protection.

The business partners/suppliers shall observe all regulations in relation to hazardous substances. This particularly includes their storage, handling and disposal.

TIS expects its business partners/suppliers to continually optimise their consumption of natural resources and energy, and to avoid all damaging emissions.

Handling of waste and hazardous substances

The supplier shall follow a systematic approach to the avoidance, identification, handling, reduction and responsible disposal, reuse or recycling of solid waste.

The prohibitions on the transboundary movement of hazardous substances established in the current version of the Basel Convention of 22 March 1989 must be observed. Chemicals and other materials that could pose a risk if released into the environment must be identified and dealt with in a manner that ensures safety when they are handled, transported, stored, used, recycled, reused or disposed of.

Mercury must be used in accordance with the prohibitions established by the Minamata Convention of 10 October 2013 and persistent organic pollutants in accordance with the current version of the Stockholm Convention of 23 May 2001.

Reducing the consumption of raw materials and natural resources

The use and consumption of resources, including water and energy, during production and the generation of waste of any kind, including water and energy, must be reduced or avoided.

This can either occur directly at source or through procedures and measures such as changing the production and maintenance processes, altering workflows within the company, using alternative materials, making savings, recycling or reusing materials.

Quality and management of water

To safeguard water quality and ensure sustainable water utilisation, the business partner/supplier undertakes to comply with the Drinking Water Ordinance (TrinkwV) in Germany, the Infection Protection Act (IfSG) and the EU Drinking Water Directive.

Managing energy consumption/efficiency

Energy consumption must be monitored and documented. Economical solutions for improving energy efficiency and minimising energy consumption must be found.

Use of land, decarbonisation and air quality

Our business partner/suppliers protect natural habitats and biodiversity by promoting sustainable agriculture and forestry, switching to renewable energies and by minimising deforestation.

Compliance with the German Soil Protection and Contaminated Sites Ordinance (Bundes-Bodenschutz- und Altlastenverordnung) is ensured.

CO₂ emissions are reduced and the Corporate Sustainability Reporting Directive (CSRD) is complied with, including reporting on greenhouse gas emissions.

Furthermore, the business partner/supplier ensures that its activities do not adversely affect air quality.

d. Handling conflict minerals

Our business partners/suppliers comply with all applicable regulations on conflict minerals.

If TIS is supplied with products that contain conflict minerals such as tin, tungsten, tantalum and gold or other raw materials such as cobalt, our business partners/suppliers are obliged to design their supply chain to ensure that they comply with the guiding principles of the Organisation for Economic Cooperation and Development (OECD) on the fulfilment of the due diligence obligations to promote responsible supply chains for minerals from conflict and high-risk areas.

In particular, verifiable information on the origin of the substances must be provided in writing upon request and it must be ensured that the substances do not originate from conflict or high-risk areas and have not been obtained through any human rights infringements.

e. Data protection, confidential information/business secrets and information security

Our business partners/suppliers ensure that personal data is exclusively processed in a lawful manner on the basis of the applicable data protection provisions and for permissible purposes only.

Confidential TIS information (in particular business secrets) must not be shared with third parties without authorisation. Non-disclosure agreements must be concluded and adhered to.

Our business partners/suppliers ensure the use of an information security management system that guarantees the adequate protection and handling of all information with regard to confidentiality, availability and integrity.

3 Complaint procedure, reports and information

Integrity, transparency and trust are important to TIS and therefore firmly anchored in our business relations.

TIS accordingly encourages its business partners/suppliers to report any breaches of the Code of Conduct or other non-compliant conduct along the supply chain without delay as soon these are observed or if they are highly probable. The business partners/suppliers must not fear any disadvantages as long as the information is provided to the best of their knowledge and with honest intention.

Any actual or suspected infringements can be reported to compliance@testo.de or via the TIS compliance website, <https://www.testotis.de/impressum/compliance-und-hinweisgebersystem/hinweisgeberschutz>.

4 Consent of the business partners/suppliers and adherence to the Code of Conduct

All business relations between TIS and business partners/suppliers are subject to their acceptance of this Code of Conduct.

By signing this document, our business partners/suppliers commit to acting responsibly and observing the indicated principles/requirements. They also commit to subjecting their own suppliers and subcontractors to these same or comparable obligations and to do their utmost to implement the obligations along the supply chain.

TIS reserves the right to check compliance with the Code of Conduct within the scope of risk management. Within the framework of the check, our business partners/suppliers shall also enable TIS to perform an on-site audit of them during normal working hours. The audit can also be performed by a third party that has been selected and commissioned by TIS. The business partners/suppliers shall participate in the audit to the extent necessary (providing information and/or granting access to premises and/or documents) without compromising their business secrets.

In the event of an actual or suspected breach of the Code of Conduct along the supply chain, the business partner/supplier shall initiate an investigation with immediate effect upon TIS' request and inform TIS immediately about the proceedings and their findings. Without prejudice to other rights, TIS is entitled to request specific measures in order to clarify the situation, rectify the infringement and enable improvement/avoidance in the future.

In the event of serious infringements and/or insufficient mitigation/improvement measures, TIS reserves the right to terminate the business relations including all related contractual relations.

Place, date

Name, position

Company, company stamp