

# Supplier Code of Conduct

june 2020

**It is of utmost importance to us, that our suppliers comply with certain standards when it comes to human rights, working conditions and environmental aspects. Moreover, the application of stringent ethical and moral business standards as well as to observe applicable law (compliance) must be ensured by our suppliers.**

## Foreword

**ZSE group** expressly recognises the Ten principles of the UN Global Compact. We actively support these fundamental principles in the areas of human rights, labour standards, environment, and anti-corruption by applying respective stringent ethical and moral business standards when doing business.

These principles play a guiding role in the relationship between companies of ZSE group and their suppliers and are incorporated in the Supplier Code of Conduct.

This means that our suppliers (including their corporate bodies, employees, representatives, subcontractors, and sales partners) must observe all applicable domestic and foreign legal provisions and avoid all actions that could lead any company of ZSE to group to violate or be subject to penalties under applicable law. In addition, in line with the UN Global Compact, we expect our suppliers to comply with the following standards:

- **Social standards** – Respect for human rights and creation of suitable working conditions for employees and society
- **Environmental standards** – Minimisation of environmental impacts
- **Corporate governance standards** – Application of stringent ethical and moral business standards and observing applicable law (Compliance)

The companies of ZSE group are willing to work together with their suppliers to ensure that they comply with the above-mentioned standards. Companies of ZSE group reserve the right to monitor whether the Supplier Code of Conduct is respected using the following methods: supplier self-declaration, declaration via third parties, submission of certifications, and the right to conduct onsite audits to ensure the Supplier Code of Conduct is respected.

The Supplier Code of Conduct is an integral part of all contracts between companies of ZSE group, their suppliers, and their subcontractors. If suppliers fail to comply with any part of the Supplier Code of Conduct, they will be expected to take immediate remedial actions. Companies of ZSE group reserve the right to terminate their contracts with suppliers who cannot demonstrate their adherence to this Supplier Code of Conduct.

## Social Standards

### Respect for human rights

We expect our suppliers to respect and support the UN Universal Declaration of Human Rights, and to ensure that they are not complicit in human rights abuses. Where national legislation is in place, the rules which offer greater protection to employees should apply.

### Occupational safety and health

In compliance with applicable laws and regulations, our suppliers must ensure their employees' occupational safety and health. All hazards and the resulting health risks encountered by the employees must be properly assessed, and necessary safeguard measures must be taken. In addition, they must provide their employees with on-going training on occupational safety regulations.

### No child, forced, illegal or compulsory labour

In accordance with the conventions of the International Labour Organization (ILO), our suppliers must not tolerate child labour, forced, illegal labour, or any other form of compulsory labour.

### No discrimination or harassment

Our suppliers must treat all their employees with respect and dignity. No employee will be physically, psychologically, sexually, or verbally harassed or abused in no way and due to any reason. The prohibition of discrimination in the workplace is also related to recruitment, compensation, promotion or termination.

#### **Transparency of working hours and remuneration**

Our suppliers' working hours must comply with applicable national laws. Their employees must receive employment contracts in which their working hours and compensation are stated explicitly. All remuneration must be paid without delay, and in accordance with current applicable national laws, considering the local standards it has to meet basic needs and provide some discretionary income.

#### **Freedom of association and the right to collective bargaining**

Our suppliers must respect their employees' freedom of association and right to collective bargaining as stated in current applicable laws and the ILO conventions.

#### **Respect for local communities and indigenous people**

Our suppliers have the duty to minimise any negative physical, social and environmental impacts and risks on local communities and indigenous people. They recognise the special circumstances of indigenous people and must understand the concerns and expectations of the communities they work and live in.

#### **Grievance mechanism**

We highly recommend our suppliers to provide a grievance mechanism to allow concerns and potential violations of these standards to be reported anonymously, providing protection of identity and avoidance from retaliation. Where not feasible, we expect our suppliers to listen openly to raised concerns, act accordingly and protect the reporting person.

Additionally, the suppliers inform and encourage their employees to report problems about the effective implementation and the corresponding enforcement of this Supplier Code of Conduct, albeit anonymously to e-mail address of ZSE group: [whistleblowing@zse.sk](mailto:whistleblowing@zse.sk).

## **Environmental Standards**

#### **Protection of the environment**

We expect our suppliers to have developed and implemented a concrete environmental policy and perform their business activities in compliance with all applicable laws and regulations regarding environmental protection.

#### **Handling of hazardous materials**

When handling substances (materials, preparations, and products) that are classified as hazardous to the environment, our suppliers must ensure that such substances are procured, labelled, handled, transported, stored, recycled, and/or disposed safely.

#### **Minimisation of resource deployment, waste and emissions**

Our suppliers must constantly strive to use resources more mindfully and responsibly and integrate this approach within their supply chain and into their business operations and management. All sources of waste as well as emissions to air, water, and soil must be minimised, characterised and monitored.

## **Corporate Governance Standards**

#### **Antitrust compliance and commitment to free competition**

Our suppliers must observe and comply to all applicable national and international antitrust laws. We expect them to be committed to free competition, transparent markets and act against unfair, non-transparent and restricted competition. Appropriate and necessary preventative measures must be taken to ensure this.

#### **Anti-corruption**

Our suppliers must act against corruption and bribery, which includes taking all necessary and appropriate measures to prevent corruption and bribery within its operational business as well as within their respective supply chain. Our suppliers should ensure that personal relationships do not interfere with business activities.

#### **Compliance with trading and capital market regulations**

Our suppliers must adhere to national and international sanctions, embargoes and other restrictions on foreign trade laid down in law, as well as applicable energy trading regulations. Our suppliers must also comply with all applicable national and international regulations governing the capital markets.

#### **Money laundering**

Our suppliers must refrain from any form of money laundering activities. This also needs to be ensured by them within their supply chain.

#### **Data protection**

Our suppliers must ensure that personal data is handled very carefully and in compliance with applicable law.

#### **Conflicts of interest**

Our suppliers must ensure - without being requested to do so - that no conflicts of interest arise between them and companies of ZSE group or, if such conflicts are discovered, that they are eliminated and reported to companies of ZSE group.