



AREXIM ENGINEERING EAD SUPPLIER CODE OF CONDUCT

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Arexim Engineering EAD is a leader in the processing of granulates, engineering plastics, and the production of tools and tool equipment. We are committed to upholding high standards of honesty and ethical behavior and have laid down our visions and values in a separate mission statement: this Code of Conduct is an elaboration of our 'Vision and Values', which on the one hand is based on legal requirements. In connection with this commitment, the company requires the same from its current and future partners.

It is particularly important for us to ensure that our suppliers are also aware of their social responsibility, face up to it and work together with us on the sustainability of our joint economic activities.

Suppliers must identify the environmental impacts of their activities, take active steps to minimize these impacts throughout the life cycle of their products and services, acknowledge and support Arexim Engineering EAD commitment to reducing energy consumption and GHG emissions and work towards achieving carbon neutrality.

Arexim Engineering expects from its suppliers to establish and maintain management systems (ISO 9001, ISO 14001, IATF 16949, etc.) designed to ensure compliance with laws, regulations, customer and regulatory requirements related to the products and services they provide, compliance with this Code of Conduct, and the identification of associated risks.

The principles outlined in this Code of Conduct, the Human Rights, the Environmental Policy, Health and Safety Policy and any other applicable legal requirements are expected to be adhered by our suppliers. However, the principles laid down in this Code of Conduct should not be viewed as limitations; rather, they should serve as a guideline for our concept of integrity, and as a means of protecting our company and our suppliers from legal consequences.

Suppliers must commit to a policy of continuous improvement in their business operations.

In addition, we align with the management principles of the automotive industry and other clients to enhance efficiency and sustainability in the supply chain.

The suppliers commitment and actions connected to this Code of conduct are a prerequisite for being a supplier of Arexim Engineering EAD.

Smolyan, September 2024

Kiril Asenov
CEO and Sole Owner

Krasimir Trifonov
CCO

1.1 Compliance with laws and customer requirements

Arexim Engineering EAD requires suppliers to maintain a process for identifying, monitoring and understanding applicable laws and regulations relevant to their business, as well as specific requirements. Supplier business activities must comply with the laws and regulations of the jurisdictions in which they operate, transport, and distribute their products.

1.2. Business Integrity

Suppliers must maintain the highest standards of integrity in all business aspects. All business transactions must be conducted transparently and accurately reflected in the Supplier's commercial books and records. Information regarding labor, health and safety, environmental practices, business activities, structure, financial status, and performance of the Supplier must be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain is unacceptable. Suppliers must also understand and comply with all applicable laws regarding fair business, advertising, and competition, including laws on fair trade and competition in the jurisdictions where they operate.

1.3. Responsible financial activities and transparency

Our suppliers' accounts are generally kept in accordance with Generally Accepted Accounting Principles (GAAP). Business partners are carefully selected and any activities related to money laundering are not supported. Information and documentation about financial activities are archived and stored in a secure, structured and traceable manner. When passing on such information, suppliers are always committed to the truth.

Information to business partners and to authorities is prepared and transmitted in accordance with the principles of transparency and integrity.

1.4 Counterfeit products

Our suppliers attach great importance to ensuring that no counterfeit products can enter the supply chain, neither before nor after them. Therefore, they exclusively purchase all preliminary products and raw materials directly from the manufacturer or through distributors released by the manufacturer.

1.5. Accuracy of data

Data concerning the business relationship is collected in an auditable manner in accordance with agreements and the law and is free from any manipulation.

1.6. Conflict of Interest

Suppliers should not participate in or attempt to influence decisions in circumstances that could lead to an actual or perceived conflict of interest. Such circumstances may involve business or personal interests in the subject matter economic or otherwise - directly or through a closely related person. If a Supplier becomes aware of a potential conflict of interest, they must immediately notify Arexim Engineering.

1.7. Anti-corruption

Suppliers must have an established anti-corruption policy that applies at all levels of the company. Suppliers must adhere to all applicable local and international laws combating corruption. No funds or assets shall be disbursed, lent, or otherwise provided as bribes, kickbacks, or other unlawful payments intended to influence or compromise the behavior of the Supplier's recipient at Arexim. No employee of the Supplier shall accept funds or other assets to

assist in obtaining business or securing special discounts from Arexim Engineering.

Suppliers are not allowed to engage third parties to do something that they are prohibited from doing directly, as outlined in this section 6. If a Supplier becomes aware of the risk of bribery, corruption, or fraud, they must promptly inform Arexim Engineering.

1.8. Data Protection

Suppliers must maintain internal policies and procedures designed to protect data provided by Arexim or received by the Supplier on behalf of Arexim, its affiliates, or clients. Suppliers must comply with all applicable privacy, data protection, and information security laws and regulatory and judicial requirements regarding the collection, retention, storage, processing, transmission, or disclosure of data to Arexim Engineering. Suppliers must enter into appropriate data transfer agreements with Arexim in any form required by applicable laws with service providers or subcontractors.

1.9. Intellectual Property

Suppliers must implement and maintain security measures, including administrative, physical, and technical measures, designed to protect their information systems from unauthorized access and immediately inform Arexim if the Supplier believes that its systems have been compromised in a way that may harm Arexim. Suppliers must use confidential information, data, trade information, copyrights, and trademarks of Arexim only in a manner permitted by their respective agreements with Arexim and, at a minimum, protect this information.

Suppliers have no right to misappropriate or violate trade secrets, trade information, or copyrighted works of other parties. Suppliers must not misuse trade secrets or proprietary or confidential information of other parties or

disclose such information to unauthorized third parties. Suppliers must promptly inform Arexim of any unauthorized use of data, trade secrets, trademarks, logos, or confidential information of Arexim by the Supplier or a third party.

1.10. Compliance with Export Control and Economic Sanctions

Suppliers must comply with applicable laws, regulations, and restrictions on the export or re-export of goods, software, services, and technologies, as well as applicable laws, regulations, and restrictions on trade involving specific countries, regions, companies, or legal entities.

1.11. Responsible sourcing of raw materials and minerals

Raw materials and conflict minerals, such as gold, tin, tungsten, cobalt and tantalum, are sourced exclusively from responsible and conflict-free sources throughout the supply chain. The Dodd-Frank Act and the corresponding regulation of the European Union and individual countries must be complied with. It must be ensured that related minerals only come from traceable and certified sources. In particular, minerals must not be sourced from high-risk smelters identified by name. Sources of supply should always be checked against the regularly updated list of Conflict Affected and High-Risk Areas (CAHRAs). Upon request, suppliers provide their conflict minerals reports to enable AREXIM to meet their own customer requirements.

1.12 Use of Private or Public Security Forces

Suppliers must provide a safe and secure working environment for their employees and contractors and protect their property according to all applicable local legislation. To ensure the safety and security on their premises, systems should be monitored and

protected as well as their property, assets, and personnel from potential threats or unauthorized access.

2.1. Human dignity

Human dignity should be valued as a fundamental prerequisite for living and working together and should not be disrespected.

2.2. Prohibition of discrimination

Discrimination based on gender or sexual identity, age, religion or worldview, race, ethnicity, social or national origin, or physical disability of the employees is prohibited. In their communication with each other, the employees are equals and the relations between them must be based on trust, tolerance, ethics and mutual assistance.

Every employee has equal rights to work and his/her rights are respected according to the Law on Protection from Discrimination, the Law on Protection of Personal Data and the internal policies of the suppliers.

2.3. Prohibition of sexual harassment

"Sexual harassment" is any unwanted conduct of a sexual nature, whether expressed physically, verbally or otherwise, which violates dignity and honour and creates a hostile, offensive, humiliating or threatening environment and, in particular, where the refusal to accept such conduct or the coercion of such conduct may influence decision-making affecting the person.

Each person has the right of respect and human dignity.

Any conduct or action that would infringe this right, and any form of sexual harassment is unacceptable.

2.4. Modern slavery

Arexim Engineering EAD strongly condemns any form of modern slavery. Cases of forced

or compulsory labor, regardless of their form, are not tolerated. The company is committed to preventing, detecting and reporting cases of potential modern slavery both in its internal processes and among its partners and suppliers. Arexim Engineering EAD also supports efforts to eradicate modern slavery and is committed to working in compliance with all laws and international standards related to this issue.

2.5. Human Trafficking

In addition to efforts to combat modern slavery, Arexim Engineering EAD also strongly condemns human trafficking and expect its suppliers actively work to prevent, detect and report cases of potential human trafficking both in their internal processes and in relation to its partners and suppliers.

Arexim Engineering EAD supports global initiatives to combat human trafficking and is committed to acting in accordance with all laws and international standards related to this

issue. Arexim Engineering EAD expect the same from its suppliers.

2.6. Prohibition of forced and child labor

Arexim Engineering EAD expects from its suppliers to operate a fully socially responsible business, oriented to the health and safety of employees, no forms of forced or compulsory labor and child labor are allowed.

All forms of forced labor are prohibited. Corporal punishment, mental and physical coercion, and verbal abuse are prohibited.

2.7. Working conditions and remuneration

Existing national labor law provisions should be respected. Wages and other cash benefits must comply with legal regulations and/or the standards of the local productive economy. They must be clearly defined and

paid regularly. Additional overtime is acceptable if required due to short-term production needs.

2.8. Remediation plan

The suppliers are committed to establishing and maintaining mechanisms for remediation if human rights violations or incidents of modern slavery are identified in relation to the company's or its suppliers' operations.

2.9. Health and Safety at the Workplace

Suppliers must commit to providing a safe and healthy workplace in accordance with applicable laws and regulations for the respective activity. Suppliers must ensure that all workers receive communication and training on emergency planning and safe work practices. Suppliers must have systems to prevent, detect, and respond to potential risks to the safety, health, and security of their employees in the workplace. Such systems should include general and applicable standards for: Occupational safety, Emergency preparedness, Occupational accidents and diseases, Physical strain, Machine safety, Sanitary facilities, food, and housing, Health and safety campaigns – initial and periodical briefings and special trainings.

2.10 Ethical recruiting

In their recruitment and career management activities, Suppliers must maintain commitment to non-discrimination, on the grounds of age, gender, color, nationality, religion, health or disability, sexual orientation, political or philosophical ideals.

All employees should have the right to work in a healthy environment, free from any form of hostility or harassment, qualified as illegal under current regulations.

Suppliers must prohibit any unlawful conduct that is construed as sexual or moral

harassment, even in the absence of a direct relationship of seniority or subordination.

2.11 Freedom of association and collective bargaining

Employees shall be free, without prior authorization, to form trade unions of their choice and to join and leave them voluntarily, subject only to their statutes.

Trade unions represent and defend the interests of employees before the state authorities and employers in matters of labor and social security relations and the standard of living through collective bargaining, participation in tripartite cooperation, the organization of strikes and other actions in accordance with the law.

2.12 Whistleblowing and protection against retaliation

Suppliers must encourage all individuals to feel confident to express their suspicions of violations at the earliest stage for the timely actions to be taken by the company-employer.

Provide whistleblowers with the opportunity to receive feedback on the signal they have submitted and the actions taken in response to it.

Assure whistleblowers and individuals who assist in the process of reporting a signal or are associated with the whistleblower and fear that they may be subjected to retaliatory actions due to whistleblowing, that they will be protected from any possible reprisals, threats, harassment, and other retaliatory actions if they have made the disclosure of violations in good faith and in the public interest.

3.1. Compliance with environmental regulations

Suppliers shall identify and adhere to all applicable legal environmental requirements, in the countries where their products are delivered, produced, shipped, or sold. These include obtaining applicable permits, licenses or registrations in a valid and up to date manner, meeting the prescribed performance thresholds, discharge monitoring and timely submission of all returns and filings, as required.

The delivered product must meet all customer, legal, and regulatory requirements applicable to storage, use, and safe operation.

3.2. Energy consumption, climate change and greenhouse gas emissions

Suppliers should strive to continuously reduce their energy consumptions, quantify their greenhouse gas emissions and adopt ambitious emission reduction targets to limit global warming to 1.5°C. The suppliers are expected to take steps to address their own operations towards Carbon neutrality and ultimately Net Zero emission, while challenging their own supply chain to develop similar approach. The required policy should go beyond energy efficiency measures, use of renewable energy and encourage innovation by revisiting the raw material composition/technology use and extending the measures to their own supply chain. Upon request, suppliers must provide Arexim Engineering with documentation of their efforts to comply with these requirements, as well as information supporting Arexim Engineering's calculation of greenhouse gas emissions related to the purchased goods and services.

3.3. Environmental hazards and pollution

Suppliers shall implement adequate management systems or equivalent to

identify, manage, communicate and reduce the risk of environmental hazards from their operations, including impacts like pollution, from air emissions, effluent discharge, waste disposal and use of hazardous substances.

3.4. Resource conservation and circularity

The suppliers shall strive to conserve and use the natural resources responsibly, including, raw materials, minerals, fossil fuels etc. by revisiting the practices such as production processes/technologies, increasing recycled content in products/ raw material mix, exploring the use of alternate materials, drastic residual waste control and implementing circular business models.

Suppliers are encouraged to offer recycled materials for their products sold to Arexim Engineering, and Arexim, in turn, will coordinate this proposal with its **customers**. Such proposals should be accompanied by declarations of material content, recycled material content, and calculations of the product's carbon footprint (PCF product carbon footprint). Suppliers are encouraged to increase recycled content in purchased goods and actively take steps to reduce the PCF for these purchased goods.

3.5. Hazardous chemical management

Suppliers must provide to Arexim Engineering documentation with which to ensure that the material content supplied by the supplier complies with the requirements of customers, government, legal, and regulatory provisions for material content as per document **7000501 Compliance evaluation:**

- MSDS; TDS;
- REACH 1907/2006 Regulation.
- RoHS 2011/65/EU with amendment 2015/863;
- FCD if applicable;
- POPs (Persistent organic pollutants), under Stockholm convention (incl.

PFAS; PFOS; PFOA);

- California Proposition 65 and FDA (FPO90069/Elastomer parts: GDR 00025).

Suppliers must provide at least annual declarations of compliance with REACH and RoHS requirements, which may include testing results or upon request for all products purchased from Arexim Engineering.

Suppliers must comply with the principles for responsible sourcing of raw materials related to prohibited substances of very high concern (SVHC).

Suppliers in the automotive sector must input all component data for materials and substances using the most current version of the International Material Data System (IMDS). Suppliers in all other sectors agree to provide material content data in the format requested by Arexim or its customer. Suppliers must ensure they have trained and competent representatives available for submitting records in IMDS or another system and for resolving any issues that may arise during the submission process.

3.6. Water quality, consumption and management

Our suppliers has to strive to continuously reduce their water consumption and to avoid water pollution completely.

3.7. Land, Forest and Water Rights and Forced Eviction

Suppliers has to commit to the avoidance of forced eviction and the deprivation of land, forests and waters in the acquisition, development or other use of land, forests and waters.

3.8. Biodiversity, land use and deforestation

Suppliers has to strive to be active to the

maintenance of ecosystems so that flora and fauna are not lost and natural habitats do not suffer irreparable damage. As part of the European Union's Green Deal plans to protect ecosystems and biodiversity, the European Commission has proposed a new law to halt deforestation and minimize the EU's impact on forests worldwide. The proposed law will require companies that sell commodities linked to deforestation and forest degradation (e.g. leather) to ensure they are 'deforestation-free' before placing them on the European market or exporting them from the EU.

3.9. Animal welfare

With respect to animal welfare, we require compliance with all legal requirements and, as applicable, we expect our suppliers to implement industry-best policies and practices related to the ethical treatment of animals.

3.10. Soil quality

Suppliers has to strive to establish measures to maintain and improve soil quality.

3.11. Noise emissions

Suppliers has to strive to establish measures to improve noise emissions.

4.1. Requirements for Supplier's Executives and Subcontractors

In addition to complying with these requirements in their own operations, Suppliers must ensure that their executives, subcontractors, suppliers, and their subcontractors adhere to the principles outlined in this Code.

4.2. Non-conformity and/or suspected materials / components

Suppliers must minimize the risk of delivering compromised materials and components. In the event of identified non-compliance by the supplier, delivery is expressly prohibited without written confirmation from Arexim's client.

4.3. Supply chain

This Supplier Code of Conduct outlines the general requirements for any supplier providing products or services to Arexim Engineering EAD.

We reserve the right to verify systematically and as warranted where this Code of Conduct is being applied by our suppliers. This verification may, for example, take the form of questionnaires, assessments or audits.

If this verification process cause doubts to arise as to whether a supplier is observing this Code of Conduct, the supplier will be requested to take appropriate countermeasures and to inform the responsible point of contact within our company of the steps taken.

Arexim Engineering EAD reserves the right to update and modify its Supplier Code of Conduct, and accordingly, the supplier must self-inform and adhere to the updated version in the Arexim Engineering EAD`s website

<https://www. areximengineering.bg/en/>

4.4. Implementation and enforcement

We take appropriate and reasonable efforts to continuously implement, document and apply the principles and values laid down in this Code of Conduct.

4.5. References

- **Environmental Policy –**
<https://www. areximengineering.bg/en/environment/>
- **Health and Safety Policy -**
<https://www. areximengineering.bg/en/social/>
- **Sustainability Policy -**
<https://www. areximengineering.bg/files/images/2024/07/729002-Sustainability-Policy.pdf>



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