

## **Principles of Social Responsibility at ZF**

### Preamble

With this declaration, ZF Friedrichshafen AG is documenting its fundamental understanding of the social rights and principles applicable to the employees and employee representatives in the ZF Group, consonant with the reference already made to these in the ZF Corporate Guidelines updated recently.

Together with its employees around the world, the ZF Group is facing up to the challenges of globalization. This calls for collaboration at all levels based on mutual respect, and this forms a substantive component of our corporate culture.

The common interest of employees, employee representatives, and company management is to sustain our international competitiveness in all areas with a view to achieving the sustainable commercial success of the entire company and its employees for safeguarding the future. The combination of economic targets and social and ecological aspects is of utmost importance to ZF. ZF Friedrichshafen AG is convinced that its entrepreneurial behavior has to respect the society's interest. The following joint declaration by the Board of Management of the ZF Group and the workers' representation documents the basic principles of social responsibility. The principles will be implemented complying with the corresponding law and existing habits in the different countries and locations. ZF accepts the basic principles of the ILO Core Labor Standards, the ILO Conventions as well as the Global Compact of the United Nations and refers to the OECD Guidelines for Multinational Enterprises.

### 1. Scope

The provisions of this agreement define the ZF standards being applied wherever the ZF Group operates.

The provisions of this agreement constitute minimum standards only.

ZF's intention is not to use these minimum standards and minimum provisions as highest possible standards or the only provisions admitted by ZF.

They shall not be the only principles stating what kind of labor standards or labor conditions are to be granted.

ZF Friedrichshafen AG will not use these principles in such a way and will not permit its suppliers to do so either.

### 2. No Discrimination / Equal Treatment

Equal opportunities and equal treatment independent of ethical origin, race, sex, religion, nationality, sexual orientation, social origin, and political views as long as these are based on democratic principles and tolerance towards dissidents shall be

guaranteed. These basic principles are stipulated in the ILO Conventions No. 100, 111, and 135.

These principles shall apply to the recruitment of new employees, to employees with a valid employment contract as well as to the professional promotion of employees at ZF. Performance, personality, skills, and abilities shall be decisive for making professional progress.

### 3. Freedom of Association / Right to Collective Bargaining and Negotiations

Taking the ILO Conventions No. 98 and 87 as basis, the contracting parties accept the establishment of corporate or unionized representations even if the national standard does not completely correspond to these standards.

Every ZF employee is entitled to join a trade union and to found a workers' representation in the company without prior approval. No employee or employee representative shall be disadvantaged as a consequence of exercising his or her rights in this respect.

ZF respects the right to collective bargaining and negotiations (ILO Convention No. 98) for the regulation of working conditions and strives for a constructive cooperation marked by mutual trust and respect. ZF works openly and constructively with all existing workers' representation bodies.

### 4. No Forced Labor, No Child Labor

ZF rejects any form of forced labor and child labor. ZF will always respect the minimum age for employment stipulated in national legislation. ZF supports the abolishment of exploitative child labor. The natural development of children shall not be inhibited. The safety and health of children shall not be impaired. Their dignity shall be respected.

The above mentioned principles are stipulated in the ILO Conventions No. 138 and 182.

If child labor is detected at ZF or a supplier, the child worker shall, whenever possible, be replaced by an adult member of the family in order to guarantee the family's income.

### 5. Right of Complaint

Every ZF employee is entitled to register a complaint about his/her treatment from their immediate superior or about their working conditions at an existing workers' representation office or at the superior in the organization being one level higher in hierarchy without needing to fear any disadvantage as a result of taking this course of action.

### 6. Health and Safety at Work

We place the greatest importance on the need for safety at work and on protection against injury for our employees. ZF complies at least with the national standards on creating a safe and hygienic work environment and takes according measures in this respect.

## 7. Remuneration, Working Hours, and Convalescent Leave

Remuneration and working hours shall at least comply with legal standards or applicable collective agreements in a given country. National rules governing convalescent leave shall be observed as minimum standard. Standards of the corresponding industry provide orientation for ZF. The regulations of the ILO Convention No. 100 with the principle "equal pay for work of equal value" are adhered to.

The working hours shall at least comply with the corresponding national provisions or the minimum standards of the corresponding industry sector. The same applies to granting regular and paid convalescent leave.

## 8. Qualification

ZF supports the qualification of employees in order to ensure a high performance level as well as high-quality work.

## 9. Environment

The ZF Principles for Environmental Protection are applicable throughout the Group and document our position with regard to the environmental compatibility of our products and our production facilities.

## 10. Corruption

ZF does not allow any immoral or corrupt practices by employees, executive managers, or business partners. ZF prohibits any participation in or toleration of bribery or corruption. The ZF Code of Conduct contains all essential regulations.

## 11. Suppliers

The ZF Group pledges its suppliers to recognize and apply this agreement's principles and motivates them to introduce and implement similar principles in their companies. ZF considers this to be a good basis for long-term business relations.

In case of new or already existing suppliers, the compliance with these ZF standards shall be assured in a suitable manner.

## 12. Implementation and Principles on Social Responsibility

All ZF employees will be informed of the provisions of this declaration. Based on the corresponding corporate practices, trade union organizations or the existing, elected workers' representatives shall be given the opportunity to conduct this briefing together with the management representatives.

All employees, their representatives, and the International Metalworkers Federation (IMF) shall have adequate access to these principles. The communication measures will be negotiated beforehand with the workers' representatives and the IMF.

The management of the corresponding business units are responsible for the compliance with these principles; they shall take suitable measures for this purpose. They designate contact persons who can be contacted by business partners, customers, and employees in particular cases. No disadvantages shall arise for the person making the petition. The Group auditing shall also observe the compliance with these principles during their audits and adds them to their auditing criteria. Additionally, there is a central hotline provided by the Compliance and Sustainability department (VGC). This department is to be contacted if the compliance with these principles is not guaranteed sufficiently on local levels. In case of references made to possible infringements, the Group auditing takes corresponding measures.

The Group management reports to and consults the international workers' representations on a regular basis on assuming social responsibility in the company and the implementation of these principles.

Third parties shall not deviate any claims from this declaration ("principles").

Friedrichshafen, October 5th, 2011

ZF Friedrichshafen AG

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Hans-Georg Härter

President and Chief Executive Officer

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Jürgen Holeksa

Chief Human Resources Officer

On behalf of the employees

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Chairman of the ZF Group Works  
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