



Statement pursuant to the California Transparency in Supply Chains Act

Introduction

The California Transparency in Supply Chains Act requires companies which do business in California, and which have annual worldwide gross-receipts of more than 100 Million US-Dollars to disclose publicly which efforts they undertake to prevent modern slavery and human trafficking in their supply chains. Companies have to provide information related to five areas (verification, supplier audit, certification, internal accountability, training).

At ZF, we are committed to the international human rights standards entrenched in the international bill of rights and the ILO Core Labor Standards. We do not tolerate slavery and similar practices, forced labor, child labor and human trafficking.

ZF is subject to the German Due Diligence in Supply Chains Act. This act imposes on companies far-reaching obligations to take measures to ensure that certain human rights standards are respected in their own operations, the operations of their subsidiaries and along their supply chain. These human rights standards include the prohibition of slavery and similar practices, the prohibition of forced labor, the prohibition of child labor and the prohibition of human trafficking. As mandated by the German Due Diligence in Supply Chains Act, ZF analyses human rights risks related to its activities or activities of its affiliates, implements preventive measures to prevent human rights violations and takes remediate actions where such risks have occurred. It monitors the results of the processes it has implemented and adjusts them on a regular basis.

Verification

We respect internationally recognized human rights standards including the prohibition of slavery and similar practices, forced labor, child labor and human trafficking. We expect the same from our business partners and oblige them contractually to uphold these standards and to take measures to ensure that they are complied with along their value chain.

To ensure that the human rights violations such as modern slavery or human trafficking do not occur in our own area of business or in our value chain, we conduct a human rights due diligence process as mandated by the UN Guiding Principles on Business and Human Rights and the German Due Diligence in Supply Chains Act. This process aims to identify adverse human rights impacts, to prevent them, and to mitigate their consequences if they have occurred. We evaluate hazards of human rights violations in a multi-step process starting with an initial assessment based on geographical and sectoral risks, a prioritization of risks and additional measures. These measures may include questionnaires, factory visits or audits by third parties.

ZF is a member of the Responsible Supply Chain Initiative. The Responsible Supply Chain Initiative is a group of companies and associations within the automotive sector that join forces for a more



sustainable automotive supply chain. It has developed a dedicated protocol and exchange mechanism for a standardized sustainability assessment, which is comprised of site observations, interviews with management and employees, and reviews of records, programs and documentation. We make use of the procedures and protocols offered by this initiative.

In addition to that, we consider human rights associated with specific suppliers when selecting our business partners and conduct an onboarding procedure to ensure our business partners are aware of our expectations regarding the respect for human rights and take measures to meet them.

Supplier Audit

Risk based we conduct audits of suppliers to verify compliance with human rights standards including the prohibition of slavery and similar practices, child labor, forced labor and human trafficking. Suppliers operating in certain high-risk areas, such as conflict minerals, are required to conduct audits and to pass on the obligation to conduct audits along their supply chains.

Certification

Our direct suppliers must provide a contractual representation that internationally recognized human rights standards such as the prohibition of slavery and similar practices, forced labor and child labor, have been respected when delivering their goods or services.

Business Partners are contractually obliged to provide information required to verify compliance with human rights commitments.

As part of our contracting process, we plan to extend our contractual sustainability requirements to reserve the right to conduct external third party audits in accordance with the audit programme of the Responsible Supply Chain Initiative (RSCI), Responsible Business Alliance (RBA) or others and on-site inspections by sustainability experts of the ZF Group. We may request suitable certificates from the supplier.

Internal Accountability

We expect our employees and our business partners to comply with the principles and standards set out in our Business Partner Principles and our Code of Conduct. These refer, in addition to other internationally recognized human rights standards, to the prohibition of slavery and practices similar to slavery, forced and indentured labor, child labor and of human trafficking.

We monitor compliance by various means such as audits in accordance with the audit programme of the Responsible Supply Chain Initiative and through a grievance mechanism which we have established in line with the UN Guiding Principles on Business and Human Rights and the German Due Diligence in Supply Chains Act. The grievance mechanism enables affected persons to inform ZF of suspected violations of human rights standards or laws. Complaints may be submitted



anonymously should affected persons so desire. They are handled by specially trained persons within ZF who investigate the matter and follow up on complaints.

ZF requires suppliers to permit measures to advertise the grievance mechanism, for example by posters or flyers, and to pass on this obligation along their value chain.

Non-adherence by employees may result in disciplinary action in line with applicable labor laws. Where appropriate, we inform relevant authorities.

In case of non-compliance by business partners, we initiate actions as foreseen in our Business Partner Principles, our General Terms and Conditions and our contractual agreements with our suppliers. Measure may be supportive in nature such as training or the implementation of a joint concept to end or minimise violations within a certain time frame or punitive such as the temporary suspension of the business relationship, the rejection of goods produced in breach of human rights standards, withholding payment or the termination of the business relationship.

Training

We offer a wide range of internal and external training modules on human rights to our employees, which could be voluntary or obligatory. They also cover the subject of modern slavery and human trafficking, including the risk of slavery and similar practices in the value chain and ways to mitigate these risks.

Training modules are available on the intranet. We ensure that relevant staff familiarizes with the content of these training modules according to their tasks and responsibilities within the company. In addition to that, specific courses and seminars on human rights topics are conducted for incumbents of certain positions within our group of companies such as sustainability managers, compliance officers or management.

On the basis of our Business Partner Principles and our contractual agreements with our suppliers, we may also support training activities by our business partners or require them to conduct training subject to certain conditions such as concerns over human rights violations.