



PennEngineering®
Supplier Code of Conduct
and Sustainability Agreement

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Foreword

PennEngineering® has made a commitment to be caretakers of our planet: to protect the natural resources of the world, ensure the fair and equitable treatment of all its people, and to support the development and growth of our communities. We ask that our suppliers help us achieve these goals by reviewing and agreeing to follow the guidelines set forth in this document.

Product Compliance is a necessary first step, but it is not the last. Our choice of suppliers is made not only by their products and pricing, but also by their stewardship and adherence to the values outlined in this document.

Together, along with our suppliers, we must strive to continually do better to reduce our greenhouse gas emissions, reduce pollutants, reduce our energy use, reduce our water consumption, and leave the world better than we found it. We need to be mindful of how we treat our fellow people, both as individuals and in how we come together as communities. We must be respectful of each other, celebrating our differences and similarities both.

Together the difference we make will be incredible.

Supplier Compliance

All suppliers of products and services to PennEngineering and all its divisions (PEM®, Profil®, PennAuto™, Heyco®, Haeger®, Sherex®, SI®, LinkTool™, and STABO) **shall** comply with the requirements in this document.

All suppliers providing: raw materials, product (work-in-progress or finished-goods), products and materials used to process product, services used to process product, or labor supplied will be referred to as “Reporting Suppliers”. Reporting Suppliers:

1. **Shall** annually update and sign the agreement to this document ([last page of document](#)). This should be submitted through the vendor EQMS portal (if you need additional information regarding the EQMS portal, please contact your purchasing representative).
2. Will have their compliance to this document reflected on their Supplier Scorecards by PennEngineering.

PennEngineering reserves the right to audit a supplier for compliance to this document, or request documentation of compliance from a self-audit or third-party auditor.

Quality Requirements and Organization

Quality Compliance and standards are not set forth in this document but are covered in a separate document.

*This document is organized to support ESG Goals: Environmental, Social and Governance. They are not put in a priority order but organized to hopefully aid in clarity and organization. All hard requirements specified **shall** or **will** have been highlighted for convenience.*

Environmental Commitments

PennEngineering takes seriously its responsibility to be stewards of the earth and we ask our suppliers to support our efforts in this. This section of the Supplier Sustainability Agreement outlines requirements that we ask our suppliers to comply with to help keep this commitment.

Greenhouse Gases

Each supplier should report annually their Carbon Footprint (in accordance with Greenhouse Gas (GHG) Protocol) in a Sustainability Report. This should be broken down by traditional Scopes (Scope 1 - Direct, Scope 2 - purchased energy, and Scope 3 - Indirect up and down-stream). *Reporting Suppliers shall* report these numbers annually for their entire business and the portion associated with business to PennEngineering on the signed agreement ([last page of document](#)).

We are also driving to product level Carbon Footprint reporting and ask that you start driving your enterprise that way as well so that in the future you will be able to report part number specific carbon emission values.

Energy Use / Clean Energy %

We ask that each supplier take actions to drive down their energy use and to find ways to use more clean energy in their operations. The transition from energy derived from fossil fuels to clean energy is a different journey for each of us dependent on many factors out of our control. But we ask that you look to support clean energy initiatives and when possible, make business decisions that reduce energy consumption and drive towards clean energy.

Product Compliance, Materials and Chemical Usage

Product provided to PennEngineering **shall** be compliant with all requested certifications unless an exception is explicitly provided. At a minimum this **will** include the current REACH SVHCs, and RoHS. The CMRT (Conflict Minerals Reporting Template) **shall** also be used in accordance with the Responsible Minerals Initiative (RMI).

Water Use

We ask each supplier to reduce their use of water, particularly in water stressed environments. Access to clean water is a key component of a community and a requirement not just for human life but all life on earth.

Pollution and Waste Management

Suppliers of PennEngineering are expected to reduce and eliminate sources of pollution from their process. This includes air, water, waste, chemical, and noise pollution. Where the source cannot be entirely eliminated, efforts should be made to control and reduce as much as possible the hazardous wastes.

Suppliers should look to embrace the teachings of a circular economy reducing waste products as much as possible and looking for ways to reuse or recycle the waste materials that are generated.

Product End of Life

Product design should consider not only its production and use, but final disposal as well. In all cases, best practice of design includes consideration of how best to dispose of a product after its useful life has come to an end. We expect that our suppliers give this consideration to not only new products but in any redesigns of existing products.

ISO 14001 Certification

While not required, it is recommended that you consider getting certified for ISO 14001 for an Environmental Management System.

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Social

Maintaining the connections between people and our communities is an important facet of PennEngineering's ESG goals. To enable this we want to ensure that our suppliers are treating all people with respect and ensuring their holistic safety and security. Treating each other with dignity and respect is a core value to PennEngineering.

Safety

The safety of our own employees is a priority. We believe this should be reflected by our suppliers, and that you look to safeguard your own employees. We ask that you take action to prevent accidents and occupational illnesses in the workplace. Suppliers must have procedures in place for handling emergencies such as fire, spills, and natural disasters.

In a similar way we ask that you consider your products and ensure that they reflect high levels of safety. This should be designed in from the beginning to ensure that production, distribution, use, and disposal are all properly thought out to minimize risks and optimize safety.

Human Trafficking

Human trafficking is a gross violation of another person and is not tolerated. We expect that our vendors and suppliers be vigilant in seeing the signs of human trafficking, report any such activities (or suspicions), and in no case participate.

Human Rights, Fair Labor

Dignity and mutual respect are at the heart of our interactions with each other, business partners and anyone we encounter in a business setting. The Supplier **shall** not allow harassing behavior, corporal punishment, threats of violence, or other forms of harassment or discrimination based on personal characteristics like gender, age, nationality, ethnicity, skin color, political views, sexual orientation, religious beliefs, social background, or physical ability.

We expect that our vendors and suppliers respect internationally recognized human rights. In no case will we work with a vendor who employs forced labor, compulsory labor, child labor (defined by a person younger than 16 or younger than the minimum age required for the employment under applicable law), prison labor, bonded labor, indentured labor, or illegal discrimination. Supplier will ensure that proper controls are in place to prevent the introduction of forced labor into any upstream portion of the supply chain.

There **shall** be no unreasonable restrictions on workers' freedom of movement in addition to unreasonable restriction on entering or exiting the company provided facilities.

ISO 45001 Certification

While not required, it is recommended that you consider getting certified for ISO 45001 for an occupational health and safety (OH&S) management system.

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Governance

Anti-Bribery & Anti-Corruption

We take a strong stance against bribery and corruption. It is important that our suppliers understand that we will not accept bribes and attempts to influence our purchasing decisions using them may result in discontinuing our relationship.

As a supplier you **shall not** offer or make a personal payment or gift to a PennEngineering employee or family member in return for favorable treatment or to gain a business advantage. You must not allow anybody else to do so on your behalf. This applies even where local custom would otherwise allow such actions or payments.

International Trade & Local Laws

Local and International Laws take precedence over this document. When there is a conflict to this document, all laws affecting it supersede anything written herein.

Supplier **must** conform to all applicable wage and hour laws and regulations, including those related to minimum wage, overtime, and other elements of compensation – and will provide all legally mandated benefits.

Conflict of Interest

You **shall** disclose any possible conflict between your private interests and those of PennEngineering. This includes familial relationships with PennEngineering employees. Clearly communicating any possible conflicts can help ensure that there is no actual or perceived influence on business decisions as a result of such collaboration. Favoritism of friends or family will not be tolerated, all business partners or potential business partners will be treated on equal grounds. As a vendor you **shall not** use these relationships to seek preferential treatment.

If you think you have a conflict of interest, you **shall** disclose it by talking to your purchasing team or contacts within PennEngineering. Most conflicts can be addressed and resolved without serious issue.

Intellectual Property (IP)

You **shall** take care to protect any IP provided or witnessed, be that of PennEngineering or a partner (customer or other vendor). This includes but is not limited to our trade secrets or other product or process information. This means that you must protect documents and avoid working on confidential matters in public, and do not discuss details where you might be overheard.

Fraud, Price Setting

Each supplier **shall** have policies in place to prevent Fraud, Price Setting and other concerns regarding fair trade. Quotes should be clear without hidden fees and transactions. Billing should be prompt and clearly linked to products or services. Additional charges beyond what was originally negotiated must be clearly and openly communicated.

Anti-Retaliation & Whistleblower Policies

We ask that all vendors have policies in place to support speaking out and prevent retaliation, protecting a whistleblower; complaints raised should be documented and investigated.

Asset & Data Protection

PennEngineering may of necessity share confidential or sensitive information and or assets with our vendor partners. We expect that our partners take this trust and treat it responsibly. Actions should be taken to protect this information or assets and avoid it being lost, stolen - intentionally or accidentally. We ask that our partners have policies in place to ensure this.

In addition, our partners **shall** comply with the General Data Protection Regulation (GDPR) and all other applicable data privacy laws and regulations when processing personal data of our customers, employees, or other individuals on our behalf.

Summary

PennEngineering's suppliers shall report any non-compliance to these guidelines to the PennEngineering Speak Up program. This can be done anonymously by submitting an email to speakup@pemnet.com or to a hotline (215) 766-1000. We will discretely work with you to resolve the issues.

Thank you for your continued partnership. We look forward to a strong relationship as partners committed to sustainable business. All of us in our parts will make a difference together.

Thank you,



Brian G Bentrin, P.E.
Global VP of Sustainability
PennEngineering



www.pemnet.com

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PennEngineering® Supplier Code of Conduct and Sustainability Reporting

Supplier / Vendor Name: _____

Reporting Period: _____

We agree to the PennEngineering® Supplier Code of Conduct and Sustainability Agreement:

Check here for agreement

Contacts

	Name	Email	Phone
Primary			
Backup			

Carbon Footprint (in accordance with GHG Protocol)

Units tCO2e	Scope 1	Scope 2	Scope 3
Company Total			
In Support of PennEngineering			

Signature

The below signatory confirms that PennEngineering's Supplier Code of Conduct, and Sustainability Agreement has been reviewed and agreed to by the Vendor named above.

Printed Name: _____ Date: _____

Signature: _____