Corporate Responsibility Report 2018
Communication on Progress (COP)

...the intelligent touch to cars.
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Introduction

As a family company with more than 110 years of history, Huf is committed not only to providing sustainable products and solutions for our customers in the automotive industry, but also to acting responsibly in all we do. Thus, we want to contribute to technological progress as well as to the preservation of natural resources. With our leading-edge car access, security and immobilization systems for vehicles (from small cars to heavy trucks) we increase comfort for drivers and passengers. In our global production network, we align our processes to achieve economic as well as ecological efficiency. We use our power of innovation, to make our products more environmentally friendly by employing non-polluting materials and reducing material usage as well as by diminishing energy and water consumption.

The guidelines fixed in our Code of Conduct determine our actions towards all our stakeholders—our customers, employees, suppliers and other relevant target groups. This is not only about fulfilling legal requirements or preventing their violation. Acting responsibly is an integral part of the Huf tradition. It is our aim to actively contribute to counteract the climate change and to protect the environment for future generations. Therefore, we strive to apply the principles of Corporate Responsibility to our entire value chain—including our supplier management.

For us, it was a logical step to adopt the »Ten Principles of United Nations Global Compact« as a further guideline for our business processes. With our 2018 CR Report we would like to document the progress we have achieved in implementing the Ten Principles. On the following pages we provide you with insights into our CR activities and show selected examples of how Huf employees are involved in activities to enhance their communities and the environment.

For the coming years, we want to constantly improve our key performance indicators regarding Corporate Responsibility and the principles of the UN Global Compact.

Thomas Tomakidi
Chief Executive Officer
(CEO)
Key Milestones

1908  Foundation on April 1—Ernst Hülsbeck and August Fürst founded a company for manufacturing, buying and selling locks, ornamental hinges and minor items of iron and brassware in Velbert

1920  First car door lock supplied to Mercedes-Benz

1921  Application submitted to the Patent Office to have »Huf« as the company logo

1948  Establishment of the works council in Velbert

1955  1000000 VW cars with Huf door handles

1958  50th anniversary celebration with 1300 employees

1961  Establishment of the Huf fire brigade

1973  Award »Supplier of the Year« by Opel

1983  Establishment of Huf España

1987  Establishment of Huf UK Ltd.


1993  Award »Value of the Year Supplier« by VW

1994  Establishment of Yantai Huf Automotive Lock Co Ltd.

1995  Establishment of Minda Huf and Huf Korea Ltd

1996  Introduction of »Credit Card Keys«

1998  Establishment of Shanghai Huf Liyong

1999  Establishment of Huf Tools GmbH

2000  Establishment of Huf Polska Sp.z.o.o.
2001  Huf Korea receives the award «Most Reliable Enterprise»

2002  2,000,000th lock set produced for the BMW 3 Series (E46)

2004  Passive Entry System for 18 models (DaimlerChrysler, BMW, Audi, VW, Porsche, Ford, Hyundai)

2005  Establishment of Huf Romania

2006  Huf presents innovations: Display key and design door handle

2007  • Production innovation: ID transmitter with touch screen
         • Foundation of Huf India Private Limited, and Huf Japan

2008  Huf builds Huf Electronics
         April 1 centenary celebration

2009  Foundation of Changchun Huf Automotive Lock Ltd & Co and Yantai Huf Tools

2010  Foundation of Huf Mexico

2013  Huf Portuguesa joined the UN Global Compact

2014  • Huf España published the 1st Sustainability Report
         • Huf Portuguesa published the 1st Communication on Progress Report (CoP) for the UN Global Compact

2014  Foundation of Huf Secure Mobile GmbH and Huf North America Die Cast Corp.

2017  Foundation of Huf Thailand

2018  Huf Group joined the UN Global Compact and published the 1st Corporate Responsibility Report
Brief History of Huf Group

Huf Hülsbeck & Fürst develops and produces mechanical and electronic key systems, lock sets, steering locks, remote control systems, telematics and tire pressure monitoring systems for the automotive industry.

Founded in 1908 in Velbert, the company first supplied lock sets to Mercedes Benz (now Daimler AG) in 1920.

Today, Huf has more than 10,000 employees in 14 countries on 3 continents. In 2018, Huf Group achieved a turnover of 1.2 billion euros. The company has a strong customer base consisting of all major global OEMs on 3 continents.

Huf was the first company to develop components for the new comfort access and immobilization systems «Passive Entry» and «Keyless Go», and also developed the «Kick Sensor».
Our Corporate Vision

Our aim is to be the market leader and ensure that we always adhere to our corporate vision:

...the **intelligent touch** to cars.

- We take responsibility for our actions
- We fulfill our customers’ wishes
- We design our future by our innovations
- We live by our quality philosophy
- We work together
- We assume social responsibility
- We act cost-consciously

Our Management Principles

The development of Huf’s corporate identity includes not only the definition of a vision but also the development of a management culture (in the context of the corporate behavior). The following management principles have been formulated to shape the Huf management culture. Our management principles define a scope of action for all Huf executives. They define how we want to achieve our shared goals and what approach Huf executives should take to assist their employees in their personal and professional development.

Our executives follow these principles and »live« them in day-to-day business. The management principles have been developed in line with the corporate guidelines, which are to be followed by all employees.

**We want our executives to be role models for their employees!**

- We encourage our colleagues to be innovative
- We show our employees what customer orientation means
- We train our employees’ awareness of quality
- We foster our employees’ team spirit
- We encourage our employees to assume social responsibility
- We help our staff to be cost-conscious
- We assume responsibility
Business Unit
Exterior Solutions
- Exterior Door Handle
- Interior Door Handle
- Brackets
- Antenna
- Tailgate Emblem Closures
- Garnishes
- Soft Touch Handle
- Capacitive Tailgate Handle

Business Unit
Locking Solutions
- Lock Sets
- Lock Sets with Steering Column Lock and/or Remote Key
- Mechanic Steering Column Lock
- Interior Lock Sets and Latches
- Tailgate Latches
- Actuators
- Fuel Tank Cap

Business Unit
Mechatronic Solutions
- Electronics for Exterior Door Handle
- Remote Key
- RF Receiver
- Electronic Steering Column Lock
- Key Receptacle
- Start-Stop Buttons
- Passive Entry Passive Start Systems
- Control Unit (ECU for doors, sliding roof, side doors)
- Kick Sensor
- Optical Sensor
Business Unit
Tire Monitoring &
Aftersales Solutions*
- Tire Pressure Monitoring System
- Antenna
- Tools
- IntelliSens App
- Control Unit
- OE Products as spare parts

*In January 2019, the tire pressure monitoring business became part of the Joint Venture Huf Baolong.

Business Unit
Mobile Solutions
- Digital Access and Authorization Systems
  SisSense®

Business Unit
Tooling and Automation Solutions
- Mold Making
- Tooling
- Automation
Our Corporate Responsibility and Compliance Approach
Disclosure on Management Approach

We regularly monitor the expectations of interested parties and stakeholders, in order to identify the material requirements for our responsible business approach. Based on this analysis, several policies and procedures have been introduced in recent years.

**Our employees:** We believe in our company’s human resources and in assuring them of constant motivation, well-being and security. Consequently, we invest in strategies and solutions that:
- Increase their commitment and empowerment
- Encourage their professional and personal development, furnishing them with added-value competencies and knowledge
- Recognize merit when due, both in individual terms and in relation to the teams
- Promote equal opportunities
- Safeguard security, health and well-being

**Our customers:** Corporate responsibility and compliance performance are key criteria in becoming a business partner of our valued customers. We regularly monitor the customer-specific requirements in order to satisfy the demands with appropriate activities.

**Our suppliers:** The commitment of our supplier partners is a fundamental element of our responsible business approach. By publishing our Communication of Progress (COP), we are aiming to set a positive example and encourage our supply chain to become engaged themselves.

**Legislative bodies:** The requirements to comply with applicable global legislation is a fundamental part of the Huf Codes of Conduct. We are committed to complying with all applicable rules and regulations.

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**Our Corporate Responsibility and Compliance Approach**

- **DMA**
  - Preventive Actions
    - Codes of Conduct
    - Procedures
    - Workshops and Training
  - Check Actions
    - Whistleblower Procedure
    - Investigations of Suspicions
    - Audits
  - Reporting Actions
    - Huf Corp. Resp. Report
    - Customer Assessments
    - Fact-based Improvement

Overview of actions to satisfy the material stakeholder expectations.
Codes of Conduct

We have defined the basic expectations regarding corporate responsibility and compliance in the Huf Codes of Conduct (employee and supplier versions). The employees’ version has been translated into all local languages relevant for the Huf Group, and the supplier version is available in English and German. We introduced these documents in 2015 and update them regularly to take account of the current needs and expectations.

Basic contents:
- Material corporate responsibility and compliance requirements based on the expectations of stakeholders and interested parties
- Whistleblower opportunity
- Employee Code of Conduct with additional focus on good leadership and conduct towards one another

We use different communication channels for the promotion of our Codes of Conduct:
- Personal handout together with payroll
- Departmental meetings
- Group-wide training sessions conducted by Huf internal compliance experts
- Integration of Supplier Code of Conduct in the ordering process
- Publication on our website and partner portal
- Handout to the employees includes confirmation of receipt in some Huf sites

Impression from the integrity and Code of Conduct training at Huf Portuguesa.
Our Corporate Responsibility and Compliance Approach

Huf Group Certifications

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<tr>
<th>Huf Hülsebeck &amp; Fürst</th>
<th>Huf Electronics Düsseldorf</th>
<th>Huf Romania</th>
<th>Huf España</th>
<th>Huf UK</th>
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Fachbetriebsurkunde WHG 2016
Autodesk Moldflow Insight
Expert Level Certification

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<th>Huf Portuguesa</th>
<th>Huf Polska</th>
<th>Huf North America</th>
<th>Huf Mexico</th>
<th>Huf do Brasil</th>
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<th>Shanghai Huf</th>
<th>Yantai Huf</th>
<th>Yantai Huf Tools</th>
<th>Huf Secure Mobile</th>
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External Engagements

**External boards**

We assume responsibility in relevant external boards. As a member of VDA (German Association of German Automotive Industry) and CLEPA (European Association of Automotive Suppliers), we learn from experts in other member companies and exchange best practice in the fields of compliance and Corporate Responsibility.

We currently chair the CLEPA Conflict Minerals Expert Group.

**Example from Huf Portuguesa**

Another positive example comes from Huf Portuguesa, which received recognition for its projects from APEE (Portuguese Business Ethics Association) in the initiative »Recognition of Practices of Social Responsibility« in the categories of »Social Responsibility in the Community«, »Decent Work and Conciliation« and »Communication«. In their summing-up, the judges particularly singled out the company’s commitment to its surroundings, treatment of its employees, and the clarity, objectivity and transparency of its communication.
Compliance and Corporate Responsibility Training for Huf Employees

It is a mandatory requirement to ensure that the relevant staff should be suitably qualified, especially with regard to the subjects of environment, health and safety. We offer appropriate training courses involving trainers from both inside and outside of Huf.

In addition, several experts among the employees have taken part in a number of different training sessions, such as eLearning, workshops, coaching days and classic courses.

Chinese colleagues at the Corporate Responsibility/Compliance Workshop at Shanghai Huf.
External Audits

Compliance audits
Our responsible business approach was verified by independent external organizations in several audits, conducted at various Huf sites. The audits were conducted by the auditing company Intertek.

The auditing results were positive overall. We take the identified deviations as a motivation to further improve in order to reach the highest standards.

Checks by competent authorities
Specific Huf sites regularly undergo checks to ensure compliance with legal requirements. These activities focus on topics such as environment, health and safety.

We support these activities and cooperate in order to meet the expectations of this relevant stakeholder group.
Target Field »Labor«
UNGC Labor Principles

**Principle 3**: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4**: The elimination of all forms of forced and compulsory labor;

**Principle 5**: The effective abolition of child labor;

and

**Principle 6**: The elimination of discrimination in respect of employment and occupation.

Huf Code of Conduct: Labor Sections

**Occupational health and safety**: A safe, healthy and hygienic work environment for all employees is ensured. To achieve this all necessary steps to prevent accidents and health issues are taken. At the same time, employees are expected to display independently responsible behavior.

**Working hours**: The applicable legal regulations and company agreements with regard to working hours as well as the relevant ILO conventions are to be upheld.

**Remuneration and fringe benefits**: At Huf the financial compensation is based on the applicable legal and company regulations.

**Conduct towards one another**: Huf employees have a fair and respectful attitude towards one another.

**Freedom of association and right to collective bargaining**: The rights of the employees to freedom of association and collective bargaining is observed.

**Handling of child labor and forced labor**: Any form of forced labor and child labor is rejected.

**Handling of human trafficking**: All forms of illegal human trafficking are rejected.

**Equal opportunity**: As a company with an international orientation we promote diversity in the staff and reject any form of discrimination.
Labor Indicators

**Employee human resources development efforts**

- Average of training hours: 12.4 training hours/employee × year

Training courses are a fundamental element in ensuring that our employees are suitably qualified. Every training hour is considered to be an investment in the future of our Huf Group.

Our further employee development efforts include among others:

- Good contacts to universities
- Support for schools and universities
- Trainee options at Huf
- We are the co-founder of »Schlüsselfregion e. V.« in Germany (https://schluesselregion.de/)

**Life-long learning programs**

The personal development of the individual employee is a fundamental element of our Huf Group Human Resources processes.

**Talent programs**

In many of our local sites specific talent programs are in place. These programs are set out for the medium or long term, in order to develop basic technical and soft skills.

We consider these programs to be one of the most important investments in the future of our company, in response to:

- Demographic change
- Talent shortage due to lack of specialized workforce in some countries

**Technical development program at Huf Mexico**

In 2018 Huf Mexico started the technician development program for maintenance technicians. The target is to train students in theoretical and practical sessions. When they have passed a practical examination, they are ready to start their career at Huf Mexico.

**Technical skills program of Huf India**

The company organized a project for underprivileged students. 100 students were trained in classroom sessions and on the job, in order to improve their technical skills.
Benefits for employees

There are several benefits offered at our worldwide Huf sites. These activities are partially based on legal requirements or are part of the local collective agreements.

The local programs include:
- Life insurance options
- Specific health programs
- Parental leave option
- Extra time compensation
- Paid annual leave days
- Additional paid leave days (e.g. in case of birth)
- Bike leasing option
- Insurance cover for of occupational accidents
- Vacation option for professional training.

Below are some specific examples from various Huf sites:

**Annual health screenings**

In many of our worldwide sites annual health screenings are offered. The employees undergo a physical check, which includes potential identification of any occupational diseases caused by employment at Huf. Direct feedback and recommendations can be provided directly to the people concerned.

**Huf España**

We conduct a special campaign to prevent influenza at Huf España.

![Campagne de vacunación contra la gripe](image)

**Huf España**

We conduct a special campaign to prevent influenza at Huf España.
Huf North America and Huf UK
At Huf North America and Huf UK we offer and support a health insurance option for our employees.

Huf Polska
At Huf Polska we offer our employees the opportunity to take part in a fitness program.

Huf Portuguesa
At Huf Portuguesa we provide physiotherapy sessions by an external trainer. This activity is supported by internal awareness campaigns, for example »Safety Flash«. Please refer to indicator LA7 for further details.
Occupational health and safety

Occupational health and safety (OHS) is one of the core elements of our labor policy, based on the respective local legal requirements. OHS activities include obligatory training for staff and visitors, protective measures (such as workplace evaluations or protective clothing) and appropriate emergency systems.

Three of our Huf sites have already been certified to OHSAS 18001. Further Huf sites will be included in this management scheme.

In addition to this, we have extended the Huf internal health & safety audit activities, performed within the framework of our Huf internal Compliance audits. Please refer to indicator HR9 for additional information.

Below are some specific examples from various Huf sites connected with OHS:

OHSAS certification for Changchun Huf.

Impressions from a course in fire fighting at Huf Portuguesa.
Huf Polska

**Basic OHS Rules**

Our priority is safety and to provide a healthy environment for all persons on our premises.

- You can only move around the plant under the supervision of an employee of Huf Polska. Move along the designated in-plant communication routes.
- While on the premises of the plant (outside the offices), wear a warning vest or protective apron.
- Watch out for internal transport; transport trolleys moving around in the production halls as well as in the warehouse and its manoeuvre yard.
- Watch out for hanging objects; overhead-crane transport in the production halls – do not go under the load.
- Immediately report any accidents, fires, failures or events that might cause a hazard, to the nearest employee of Huf Polska.
- The first aid room (equipped with a defibrillator) is located next to the dining room. First aid kits are located at designated points within the plant.
- The speed limit on the external in-plant roads is 20 km/h.
- It is prohibited for unauthorised persons to enter work areas that require a permit.
- The smoking of tobacco and e-cigarettes is prohibited throughout the entire premises of the plant, except for the smoking room.
- Each chemical must be kept in a properly labelled package and provided with a safety data sheet.
- Disrupting the work process is prohibited.
- Touching the machines, equipment and tools that are in motion as well as the manufactured and stored parts is prohibited.

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Safety and Ergonomics Risk Board in the production area at Shanghai Huf.

International flyer for visitors to Huf Polska.

Increasing employees’ safety awareness at Huf Portuguesa with «Safety flash». 

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Huf Polska

**Basic Environmental Protection Rules**

A strict waste segregation policy applies at the plant. Throw rubbish into the appropriately labelled containers:
- Plastics / Metals – yellow,
- Glass – green,
- Paper – blue,
- Municipal waste (BIO) – brown.

Respect the electrical energy and water resources.

If you provide any services at Huf Polska Sp. z o.o., read the work instructions entitled “The environmental rules for external contractors providing services on the premises of Huf Polska Sp. z o.o.”.

If you have any doubts, do not hesitate to ask your guide or security officer any questions.

Bringing chemicals onto the premises of the plant without the consent of the employee of Huf Polska Sp. z o.o. is strictly prohibited. The employee of Huf Polska Sp. z o.o. reserves the right to refuse bringing in a substance that may significantly affect the environment of the premises.

Conduct your work in such a manner as to prevent chemical substances from spilling and leaking.

Washing tools or appliances which are not the property of Huf Polska Sp. z o.o. on the premises of the plant is prohibited.

In the case of a failure related to the building, notify the Facility Manager – phone 032 7808 635. In case of an environmental failure which is not related to the building, notify the Environmental Protection Expert – phone 032 7808 624.

If the above-mentioned rules are not upheld, the employee of Huf Polska may turn the Visitor out or suspend the works performed at Huf Polska Sp. z o.o. Any person failing to follow the instructions is fully responsible for damages which may arise!!!
We are committed to the right of «freedom of association and collective bargaining». The Employee Code of Conduct (Chapter 10) states:

**10. Freedom of association and right to collective bargaining**

The basic right to freedom of association and the right to collective bargaining within the framework of national laws is observed. Assurance is given that any employees who become active in this field will not have to fear any negative consequences as a result. The elected representatives of the employees are offered cooperation conducted in an open and truthful manner, working towards a fair balance of interests.

At the majority of our local Huf sites, works councils represent their interests. Some sites have established their own works councils, even though it is not required by law or collective agreements.

We have formulated similar expectations for our suppliers in the Supplier Code of Conduct (Chapter 8).

**Compliance checks**

At Huf we perform compliance checks related to the Code of Conduct. For more details please refer to indicator HR9.

**Child labor/forced labor**

We are fully committed to fundamental human rights, aimed at avoiding any form of child or forced labor. The respective chapters in the Employee Code of Conduct refer to this undisputable commitment:

**11. Handling of child labor and forced labor**

Huf rejects any form of forced labor and child labor. The age limit for an allowable work contract shall not be below the age of compulsory education and will in no case be below 15 years of age (or 13 years of age if the national law in agreement with ILO convention 138 permits this). Underage employees must not be brought into contact with any dangerous, unsafe or unhealthy situations. The rights of children and young people are observed. Any exploitation of children and young people will not be tolerated.

**12. Handling of human trafficking**

Huf rejects all forms of illegal human trafficking. Human trafficking is illegal when the recruitment, transportation, transfer, detainment or receipt of persons takes place by improper means (e.g. force, deception, abduction). The Supplier Code of Conduct reflects this policy in Chapters 9–11.
**Probability analysis of child labor/forced labor**

According to the official estimates of the ILO (International Labor Organization) from 2017, child labor occurs in all regions of the world. The proportion of employed children vs. children in total ranges from 2.9% (Arab states) to 19.6% (Africa).

ILO also provides estimates regarding forced labor. The proportions vary in this field as well, but do not differ as significantly as in the case of child labor.

Our business approach concerning the avoidance of child or forced labor is based on a country-related probability analysis. The target of this approach is to identify risk countries we operate in or in which suppliers of our organization are located.

This analysis is performed on widely accepted indices, such as:

- Human Development Index (HDI)*
- MVO NEDERLAND**

The results of this analysis are the second step of our five-step approach, which is described in the chapter »Human Rights« of this report.

*Backup »Human Development Index (HDI)«:

Poverty and reduced school education are considered as important indicators for the occurrence of child labor. The UNDP (United Nations Development Program) created the (HDI) Human Development index. This index covers the factors GNI (Gross National Income) and expected years of schooling.

**Backup »MVO NEDERLAND«:

The CSR Risk Check tool is recommended by the German agency »Agentur für Wirtschaft und Entwicklung« as a means of enabling global companies to evaluate the local country-specific status regarding human rights. MVO is a Dutch-based Corporate Responsibility network organization.

**Compliance checks**

At Huf we perform compliance checks related to the Code of Conduct. For more details please refer to indicators HR9 and HR11.
Diversity and equal opportunity

In our globally organized company the acceptance and respect of different cultures and customs is a key element. Our expectations and approach are reflected in the corresponding section of our Code of Conduct:

13. Equal opportunity
As a company with an international orientation, we promote diversity among our staff and reject any form of discrimination. We will stop any form of differentiation, exclusion or preference that is based on
- ethnic affiliation
- national and social origin
- color of skin
- gender
- age
- religion and ideology
- disabilities
- sexual orientation or any other personal traits

The respective legal regulations are applicable.

Examples of actions taken within Huf:

Equality gender plan of Huf España
At Huf España we have set up processes to select employees for or promote them to departments or job positions subject to a gender imbalance in terms of staff distribution. The site intention is to give preference to the hiring of women in those cases, where the candidates have the same qualification.

Labor law training at Huf North America

Title VII of the Civil Rights Act of 1964, the Americans With Disabilities Act, the Age Discrimination in Employment Act, and the Genetic Information Nondiscrimination Act are federal laws which prohibit discrimination in employment based on race, color, religion, sex (including gender identity, change of sex and/or transgender status), national origin, disability, age, or genetic information. They also prohibit retaliation against persons who complain of discrimination or participate in an Equal Employment Opportunity (EEO) investigation.

The purpose of this presentation is to provide supervisors with a basic understanding of three key concepts within these laws:
- discrimination
- harassment
- retaliation

and to help them recognize and avoid actions prohibited by the law and to treat employees with respect and dignity.

What are the Basic Provisions of Title VII?
Title VII, the ADA, the ADEA, and the GINA prohibit discrimination in all aspects of pre-hire and the employment relationship including:
- Recruiting
- Interviewing
- Hiring
- Promotion
- Demotion
- Job transfer
- Compensation
- Training
- Discipline
- Benefits
- Affirmative Action
- Retaliation

Your Responsibilities as Supervisors (cont’d)

- Investigations are conducted by the HR Director or by the company’s legal counsel
  - Be available for interviews and provide as much information as possible
  - Make employees available for interviews
  - Disciplinary action is to be taken, work with the HR Director to make sure that:
    - The victim is not adversely affected
    - The harassment stops and does not recur
Spotlight on Huf Portuguesa

- Gender ratio (women/men) of 49/51
- Increase in awareness of equality and anti-discrimination through internal communication and publication of articles
- Huf Portuguesa is a member of the Equality Business Forum (Portuguese Government Initiative). This forum promotes diversity, equal opportunities between men and women and the work-life balance

Discrimination incidents and corrective actions

We define discrimination incidents as a clear violation of Section 13 of our Employee Code of Conduct («Equal opportunity»).

Reports from the Huf sites and complaints received through the corporate whistleblower channel have verified: There were no discriminative actions that have caused internal penalties or even forced us to press criminal charges against any of our employees.

On December 18, 2018, Huf Portuguesa signed its renewal of the commitment with the Equality Business Forum of the Portuguese Government.
Target Field »Human Rights«
UNGC Human Rights Principles

**Principle 1**: Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2**: make sure that they are not complicit in human rights abuses.

Huf Group Human Rights Approach

Huf Code of Conduct human rights sections

- **Freedom of association and right to collective bargaining**: The rights of the employees to freedom of association and collective bargaining are observed.
- **Handling of child labor and forced labor**: Any form of forced labor and child labor is rejected.
- **Handling of human trafficking**: All forms of illegal human trafficking are rejected.
- **Equal opportunity**: As a company with an international orientation, we promote diversity among our staff and reject any form of discrimination.
Application of NAP Due Diligence Principles at the Huf Group

The German government sets up requirements for (international) German companies regarding their human rights policy, the NAP Due Diligence Principles (NAP = »National Action Plan Economy and human rights«).

Below is a list of the principles and a short statement on how they are applied in Huf Group.

NAP 1: Policy statement of the company
We fulfill this requirement in the respective sections of our Employee and Supplier Codes of Conduct. For the topic of conflict-free sourcing, we have included a relevant section in the Supplier Code of Conduct.

NAP 2: Identification of human rights risks
We focused on the probability of identifying forced and child labor in our Huf sites and the supply chain (cf. indicators HR5/HR6). In addition to that, we refer to our conflict-free sourcing due diligence (HR11).

NAP 3: Measures and efficiency check
We report on our compliance audit activities in the indicators HR9, HR10 and HR11. Our compliance approach is checked and acknowledged by external audits, please refer to indicator »DMA—external audits« of this report.

NAP 4: Reporting
The measures regarding our application of NAP are announced to the public by this Corporate Responsibility Report. Further information is provided to our stakeholders, such as customers, on specific request.

NAP 5: Opportunities to complain
Our employees and suppliers have the opportunity to report potential human rights abuses (and all other non-compliance complaints). The respective e-mail address is included in Section 17 of the Employee Code of Conduct and Section V. of the Supplier Code of Conduct: corporate-responsibility@huf-group.com.
Human Rights Indicators

**Check on human rights abuses within the company**

In the middle of 2015, we started to integrate compliance topics into our Huf internal audit activities. Since then, several internal audits have been performed at different Huf sites.

The audit volume and topics are planned individually for the various companies. Factors of influence include:

- Country-specific evaluations (HR5/HR6)
- Compliance maturity of the companies
- Experience from previous audits

Suspensions are recorded and communicated to the process owners. Corrective actions have to be taken within a set timeline.

**Evaluation of new suppliers (human rights)**

Please refer to indicator SO9. The questionnaires template includes compliance topics (such as our Supplier Code of Conduct) and thus also includes the specific aspect of human rights.

**Check on human rights abuses in the supply chain**

Supplier audit activities

In 2018 several supplier audits were performed. These activities included questions related to human rights, work safety and environmental aspects.

**Conflict-free sourcing**

In 2013 we established our conflict-free sourcing policy and have been improving it since that time. A special focus is laid on the supply chain, which must provide due diligence reports, so-called Conflict Minerals Reporting Templates (CMRT), made available free of charge by the Responsible Minerals Initiative RMI. The rate of valid responses by the suppliers addressed in the report for calendar year 2018 was 96%. This is a very good rate compared with other companies in the automotive industry.
A 5-step-framework has been established based on the Guiding Principles of VDA and the »OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas«:

**STEP 1:** Establish strong company management systems
- We have determined a managerial owner for Conflict Minerals
- We have assessed adequate staffing for supply chain compliance/conflict minerals reporting activities
- We have developed a conflict minerals reporting policy and integrated it into our Supplier Code of Conduct (Chapter 16)

**STEP 2:** Identify and assess risk in the supply chain
- We have identified the relevant suppliers
- We have performed data collection by a standardized Conflict Minerals Reporting Template (CMRT)—supported by appropriate software
- We have analyzed the reported data and checked for consistency/accuracy
- We have conducted due diligence on the conflict minerals source, using the available public information

**STEP 3:** Design and implement a strategy to respond and to identify risks
- We contacted suppliers and defined corrective actions, in case they provided unacceptable data sheets
- We have promoted conflict-free sourcing in the supply chain

**STEP 4:** Carry out independent third-party audit of supply chain due diligence at identified points in the supply chain
- We do not perform supplier audits related to conflict free sourcing

**STEP 5:** Report on supply chain due diligence
- We report to customer requests by aggregating a Huf Group CMRT
- The topic of Conflict Minerals was a part of external compliance audits, performed in the Huf Group. Please refer to indicator »DMA—Compliance Audits« of this report
Target Field »Environment«
UNGC Environmental Principles

**Principle 7**: Businesses should support a precautionary approach to environmental challenges.

**Principle 8**: They should undertake initiatives to promote greater environmental responsibility.

**Principle 9**: They should encourage the development and diffusion of environmentally friendly technologies.
The Huf Principles of Energy and Environmental Policy

Corporate environmental protection at Huf Group is handled in the spirit of sustainable development. This includes the conscious and sustainable handling of the »resource« energy.

In all basic decisions on corporate policies, the preservation of the environment and the conservation of resources for future generations represent key criteria.

Principles

Environmental protection is on an equal footing with the objectives of customer satisfaction and operating efficiency.

Compliance with all relevant environmental and energy requirements, laws and regulations is a matter of course for us. Above and beyond that, we will set stricter standards where possible.

All processes and products are evaluated and optimized within the scope of our energy and environmental policy.

We are committed to continually improving our environmental performance and our energy efficiency. For this purpose, we will provide all the necessary resources and relevant information.

To determine energy savings potential, all energy-intensive equipment and processes are regularly considered and evaluated in the context of energy controlling. In addition, we examine the use of alternative technologies and renewable energy sources.

We are committed to considering energy efficiency as a criterion when purchasing new equipment and accessories.

We consider openly and transparently informing authorities, suppliers, service providers, customers and the public to be a prerequisite for a trusting relationship.

All of our company employees are responsible for protecting the environment and saving energy. Under our policy of extensive education and training, they are trained and motivated to act in an environmentally friendly and energy-efficient way.
Environmental Indicators

Minimization of environmental footprint

All Huf sites worldwide have established appropriate processes based on our corporate environmental policy, in order to meet the environmental targets as well as the legal requirements. The efforts are verified through environmental certification according to ISO 14001. Please refer to indicator »DMA—Certifications«.

Some specific measures are highlighted below.

Systematic check of legal requirements

We regularly check the legal environmental requirements on a corporate as well as a local basis. Various programs have been established in order to facilitate this. Examples include subscriptions to technical newsletters or the consultations with specialized advisers or lawyers.

In addition, we actively participate in the work of industry associations (cf. indicator »DMA—External Boards« of this report).

Preventive awareness actions

We preventively anticipate consequences from legal evaluations for our company and proactively perform appropriate actions.

One example is that our products were checked regarding potential consequences of the upcoming authorization requirements according to REACH Annex XIV.

Another example shows preventive emergency actions in our various Huf companies. This is a fundamental element of the risk-based approach according to the ISO14001 standard.

Example of an environmental newsletter from Huf Portuguesa.
Environmental training

Our sites have established different local environmental training courses. Their main target is to increase environmental awareness.

Environmental management in product development

We have established appropriate processes for the whole environmental life cycle of our products. This includes the preparation of recycling information for a range of products.

Company-specific targets

We define company-specific environmental targets at a local level. These include specific measures related to energy, waste and water consumption.

<table>
<thead>
<tr>
<th>Waste</th>
<th>2017</th>
<th>Budget 2018</th>
<th>Actual (Dec)</th>
<th>Score 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total waste (kg waste/a. sales %)</td>
<td>0.14</td>
<td>0.13</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td>% of residues recycled</td>
<td>80.7</td>
<td>&gt;77</td>
<td>78.8</td>
<td></td>
</tr>
<tr>
<td>% of dangerous waste</td>
<td>3.5</td>
<td>3.3</td>
<td>2.9</td>
<td></td>
</tr>
<tr>
<td>% of plastic scrap (plastic scrap/raw material)</td>
<td>10.9</td>
<td>7.5</td>
<td>11.9</td>
<td></td>
</tr>
<tr>
<td>Proper sorting waste (5S audits)</td>
<td>92 %</td>
<td>95 %</td>
<td>100 %</td>
<td></td>
</tr>
</tbody>
</table>

Example of waste reduction targets from Huf Portuguesa.
Environment and transport

We have implemented diverse local measures in order to reduce the environmental impact of our transportation activities. Measures include:

- We use reusable packaging, wherever possible
- We have special KPIs to reduce the number of special transports
- We contract specialized service providers (such as Cargoline) in order to optimize transports and avoid unladen journeys
- In many of our sites we use forklifts with rechargeable batteries for inter-company transports
- We choose our suppliers to be as local as possible, in order to reduce long-haul transport
- We try to avoid air freight. Standard transportation for long distances is via sea freight

Environmental offenses

We define legal environmental incidents as a clear violation of the relevant laws that result in monetary or non-monetary penalties being imposed on our company.

The penalties decreased significantly in year 2018. The monetary penalties were halved, compared to 2017. We increase our employees’ awareness through regular training courses, in order to avoid environmental offenses.

Evaluation of new suppliers (environment)

Please refer to indicator SO9. The questionnaires template includes environmental topics (such as environmental certification of the suppliers).

Greenhouse gas (GHG) emissions intensity

| Total Scope 1 CO₂e emissions per €1 Mill. of turnover = 8036 kg |
| Total Scope 2 CO₂e emissions per €1 Mill. of turnover = 73962 kg |

The Scope 1 carbon footprint refers to the direct emissions from our worldwide sites.

The Scope 2 carbon footprint refers to the indirect emissions from our worldwide sites, such as from electricity or district heating.

We took the reverse factors to convert the energy consumption into CO₂e from publicly available sources and emission factor tables provided by VDA (primary source).

Notes: For renewable energies we calculated with a mixture of water, biomass, wind, sun and geothermal energy, based on the national energy mix figures provided by VDA. For district heating we divided the CO₂e of potential district heating energy sources into equal percentages.
Evolution of greenhouse gas (GHG) emissions

We have started several initiatives in our Huf sites in order to reduce energy consumption. Some sites are certified according to ISO 50001 (please refer to indicator »DMA—Certifications«).

As an additional step, we have been reporting to CDP (Carbon Disclosure Project) since 2013. The reporting scope has been extended from our Velbert site to the entire Huf Group.

Compared with the previous year, our Carbon footprint per employee has decreased. The reason is the slightly higher energy consumption due to increased production, while we have increased our number of employees during the same time frame significantly:

<table>
<thead>
<tr>
<th></th>
<th>CO₂ e/employee Scope 1 (2017)</th>
<th>CO₂ e/employee Scope 1 (2018)</th>
<th>Trend CO₂ e/employee Scope 1 [%]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1270</td>
<td>1168</td>
<td>- 8.7</td>
</tr>
<tr>
<td></td>
<td>CO₂ e/employee Scope 2 (2017)</td>
<td>CO₂ e/employee Scope 2 (2018)</td>
<td>Trend CO₂ e/employee Scope 2 [%]</td>
</tr>
<tr>
<td></td>
<td>10917</td>
<td>10754</td>
<td>- 1.52</td>
</tr>
</tbody>
</table>

Water consumption

There are many local initiatives to reduce the water consumption in our Huf sites.

In this report, we report the water abstraction by source per 1m of turnover:

<table>
<thead>
<tr>
<th>Source</th>
<th>m³/€1 Mill. of turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rainwater</td>
<td>10.12</td>
</tr>
<tr>
<td>Groundwater</td>
<td>50.00</td>
</tr>
<tr>
<td>Municipal water</td>
<td>177.67</td>
</tr>
</tbody>
</table>

Water recycling

In this report, we break down the water recycling data per 1m of turnover:

<table>
<thead>
<tr>
<th>Source</th>
<th>m³/€1 Mill. of turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water discharge</td>
<td>117.48</td>
</tr>
<tr>
<td>Process water (closed loop)</td>
<td>26.86</td>
</tr>
</tbody>
</table>

Waste data

There are many local initiatives to reduce waste in our Huf sites. Some examples include:

- Local programs to handle recyclable waste
- Dehydration of waste by compressing the sludge at our Polska and Shanghai sites
- »Mewa program« at Huf Portuguesa, which coordinates the reuse of cleaning cloths and reduction of hazardous waste, paper and urban waste
- At our Greenville site, we initiated projects in order to reduce paint sludge and other hazardous waste. The site also introduced solvent recycling processes
- We give preference to the deployment of reusable packaging materials at many of our Huf sites

In this report, we break down the waste data by category per 1m of turnover:

<table>
<thead>
<tr>
<th>Type</th>
<th>kg/€1 Mill. of turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collected e-waste</td>
<td>37.24</td>
</tr>
<tr>
<td>Collected batteries</td>
<td>2.62</td>
</tr>
<tr>
<td>Collected packaging material</td>
<td>1198.35</td>
</tr>
</tbody>
</table>
Target Field »Anti-Corruption, Competition Law and Data Security«
**UNGCL Anti-Corruption Principles**

**Principle 10**: Businesses should work against corruption in all its forms, including extortion and bribery.

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**Huf Code of Conduct Sections on Anti-Corruption and Competition Law and Data Security**

- **Observation of laws, accepted standards and guidelines**: All applicable national laws and acknowledged international standards, guidelines and principles will be upheld by the Huf employees.
- **Prevention of corruption**: All applicable regulations to fight corruption are to be upheld.
- **Antitrust and competition law**: The company shall ensure competition with the company’s competitors shall be conducted fairly. The relevant and applicable national and international antitrust laws as well as laws governing unfair business practices are to be upheld.
- **Confidentiality and data protection**: Within the frame of business-related confidentiality, a transparent communication shall be maintained. Company and business secrets are to be observed and all applicable laws concerning data protection are to be upheld.
Indicators for Anti-Corruption and Competition Law and Data Security

Corruption Risks

Our business approach concerning the avoidance of corruption is based on a country-related probability analysis. The target of this approach is to identify risk countries we operate in or in which suppliers of our organization are located.

»Transparency International« offers a public available index, stating the country-specific ranking by the perceived level of corruption, the so-called »Corruption Perceptions Index«. The index scales a range from 100 (very clean) to 0 (highly corrupt). Huf considers this index to be a valid source to identify the countries with the most probability of occurrence of corruption.

The analysis is the basis for further measures, such as audit activities or training offered in the countries where we operate and/or purchase. Further information can be found under the indicators »DMA—Compliance and Corporate Responsibility Training for Huf Employees« and »HR9«.

Training on anti-corruption and compliance

We have an eLearning compliance program in place, with the main focus on the specifics of anti-corruption and competition law. We proactively request the participation of the Huf employees.

We rolled out this program to our suppliers via our Huf partner portal in 2018.

Impressions from the eLearning program.
Competition law was a focus topic in our review of agendas, minutes and other self from any such discussion. We offer so-called Competition Law Cards, which can be used in meetings, where competitors come together (e.g. supplier/association meetings in our facilities).

In addition to our eLearning measures, which also highlight the specific topic of competition law (reference to SO4), we have established the following measures:

- Competition law was a focus topic in our compliance training conducted at Shanghai Huf. Please refer to section »DMA—Compliance and Corporate Responsibility Training for Huf Employees«.
- We offer so-called Competition Law Cards, which can be used in meetings, where competitors come together (e.g. supplier/association meetings in our facilities).

Legal actions

We define competition law incidents as a clear violation of the respective laws which cause monetary or non-monetary penalties to be imposed on our company. As of now, the Huf Group has never been indicted in relation to any breaches of competition law.

Compliance offenses (excluding competition law and environmental procedures)

For this indicator, we publish all compliance offenses that are not covered by the indicators SO7 (competition law procedures) and EN29 (environmental procedures). We define compliance offenses as a clear violation of our Code of Conduct expectations which cause monetary or non-monetary penalties to be imposed on our company.

To date, there have never been any convictions against our company in this respect.

Corruption incidents

We define corruption incidents as a clear violation of section 2 of our Employee Code of Conduct («Prevention of corruption»).

Consideration of the reports from Huf sites and the zero complaints received through the corporate whistleblower channel shows that there have been no verified incidences of corruption that have led to internal penalties, caused the termination of business relations with third parties or even forced us to press criminal charges against any of our employees or third parties.
Evaluation of new suppliers (society and compliance)

Before becoming one of our business partners, a potential supplier has to complete a relevant questionnaire. The questionnaires template also includes compliance topics. It can be downloaded for free on our Huf partner portal.

Data security

We have defined many measures in the Huf Group in order to avoid cases of data leakage or security offences. In addition, our Data Security eLearning awareness training course has been updated to match the requirements of the new European General Data Protection Regulation (GDPR).

Impression from GDPR eLearning.

Compliance section in the supplier self-assessment questionnaire.
Social Responsibility Activities
Management and employees of the Huf Group are aware of their responsibility as good corporate citizens in their respective communities. This is why the teams at all sites organize various social activities to support their fellow citizens.

Huf do Brasil
Together in pink

Almost everyone knows the pink ribbon, an international symbol that points to the problem of breast cancer. In October, the month of breast cancer, the symbol is becoming increasingly visible around the world in order to raise public awareness of the prevention of, research into and treatment of breast cancer. The employees of Huf do Brasil took this opportunity to dress up in pink on October 30, 2018, to demonstrate solidarity with the people, families and friends affected, as well as to educate all employees about the importance of early diagnosis.
Huf Mexico
A new home

In September 2017 an earthquake with a magnitude of 7.1 shook the metropolis of Mexico City and the Puebla region, where Huf Mexico is located. Dozens of buildings collapsed, and many people lost their homes. To help people in need, Huf immediately donated a large sum for the rebuilding. Through the initiative of the Universidad Anahuac Puebla (Social Action Universidad Anahuac) and the support of over 900 volunteers as well as the donation from Huf, eight families, consisting of 54 people, were already able to move into their new homes in 2018, roughly one year after the devastating natural disaster.

Huf España
Blood donation campaign

Since March 2016, blood donor sessions have been held twice a year at Huf España. Since then, a total of 85 employees have donated blood.
Social Responsibility Activities

Huf Portuguesa
Celebrating the three Magi

Singing the Janeiras (January songs) is a tradition in Portugal on January 6. This year, Huf Portuguesa was visited by young children from two associations that the company regularly supports—the Adiça's kindergarten and Cooperativa Vários, an association assisting disabled people. They presented songs to celebrate the New Year and the adoration of the three Magi at Epiphany.

October 14, 2018—Hands on Land Project—First aid for the Woodlands

One year after the terrible fires in the region and on the 27th anniversary of Huf Portuguesa, a group of employees and their friends came together to assist in remediating environmental damage.

Even though Storm Leslie ravaged some areas of the country all night long, this crew picked up the shears and hoes and got all hands on deck to revitalize and reforest an area of the Caramulo Mountains, now with a much darker setting, which had previously been covered by oak trees as far as the eye could see.

Around the Caramulo Mountains the Huf employees plant the young trees.
Changchun Huf

In November 2018 members of the Changchun Huf Sales team visited lonely senior citizens in Changchun Social Welfare Institute, presenting them with donations of food and fruit.

Shanghai Huf

In December 2018, Shanghai Huf opened its gates to 30 MBA students from Fudan University. The students enjoyed an exciting look into the production of door handles and new locking systems as well as gaining insight into traditional and innovative products, combined with an introduction of Huf Group and Shanghai Huf. At all sites, Huf Group regularly hosts students in order to present the company as a preferred employer for young engineers and managers.

Yantai Huf

To thank the family members of their staff, Yantai Huf organized an open day for families to visit. Spouses and children gained interesting insights into production and the working life of their relatives.
# GRI 4.0

## Index and Progress

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</tr>
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<td>EN29</td>
<td>Environmental offenses</td>
<td>42</td>
<td>↑</td>
<td>Environmental fines decreased in 2018 compared with 2017.</td>
</tr>
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<td>EN30</td>
<td>Environment and transport</td>
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<td>↑</td>
<td>Diverse local measures reduced the environmental impact with reference to transports and logistics.</td>
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<td>Evaluation of new suppliers (environment)</td>
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<tr>
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<td>Life long learning programs</td>
<td>21</td>
<td>↑</td>
<td>New development programs at Huf Mexico and Huf India.</td>
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<td>28</td>
<td>↑</td>
<td>Huf Portuguesa participates in local »Equality Business Forum«.</td>
</tr>
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</tr>
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<td>HR6</td>
<td>Forced labor</td>
<td>26</td>
<td>→</td>
<td></td>
</tr>
<tr>
<td>HR9</td>
<td>Check on human rights abuses within company</td>
<td>34</td>
<td>→</td>
<td></td>
</tr>
<tr>
<td>HR10</td>
<td>Evaluation of new suppliers (human rights)</td>
<td>34</td>
<td>→</td>
<td></td>
</tr>
<tr>
<td>HR11</td>
<td>Check on human rights abuses in the supply chain</td>
<td>34</td>
<td>↑</td>
<td>Compliance questions were integrated into supplier audit activities.</td>
</tr>
<tr>
<td>SO3</td>
<td>Corruption risks</td>
<td>47</td>
<td>↑</td>
<td>New indicator «corruption risks» introduced.</td>
</tr>
<tr>
<td>SO4</td>
<td>Training on anti-corruption and compliance</td>
<td>47</td>
<td>↑</td>
<td>Program of eLearning was opened to suppliers in 2018.</td>
</tr>
<tr>
<td>SO5</td>
<td>Corruption incidents</td>
<td>48</td>
<td>→</td>
<td></td>
</tr>
<tr>
<td>SO7</td>
<td>Legal actions on competition law and preventive measures</td>
<td>48</td>
<td>→</td>
<td></td>
</tr>
<tr>
<td>SO8</td>
<td>Compliance offenses (excluding competition law and environmental procedures)</td>
<td>48</td>
<td>→</td>
<td></td>
</tr>
<tr>
<td>SO9</td>
<td>Evaluation of new suppliers (society and compliance)</td>
<td>49</td>
<td>→</td>
<td></td>
</tr>
<tr>
<td>PR8</td>
<td>Data security</td>
<td>49</td>
<td>↑</td>
<td>GDPR eLearning updated.</td>
</tr>
</tbody>
</table>

↑ positive trend  
→ stable trend  
↓ negative trend
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