

Catena-X Automotive Network

Catena-X

Environmental and Social Standards Code of Conduct and Principles

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Preamble

The publication of the CoC (version 1.0) is required to obtain the necessary feedback from Experts Groups like Catena-X EG Human Rights and other members of the Catena-X Association e.V., so that necessary adjustments and consultations can be made.

Code of Conduct of the Catena-X Use Case Sustainability / Environmental and Social Standards

In the Catena-X use case sustainability / environmental and social standards, principles are established with the aim of establishing transparent and trustworthy practices within the Catena-X network.

These principles are based on national and international legal regulations and are aligned with internationally recognized standards such as the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, as well as the ILO core labor standards and the principles of the UN Global Compact.

Accordingly, this document defines the minimum requirements and clear expectations for the corporate due diligence obligations of the members. We expect you, as our members, to ensure that these requirements and expectations are also passed on appropriately to your downstream business partners. Acting responsibly and lawfully is therefore an integral part of participating in the Catena-X network.

The Catena-X network includes companies and organizations that design, manufacture, market or provide goods and services for the automotive industry. The Code of Conduct must be adopted by every company participating in the Catena-X Use Case Sustainability / Environmental and Social Standards in a binding manner or guaranteed by an appropriate standard of its own. The recognition of the Catena-X Code of Conduct is the basis of a cooperative business relationship with our members. Given the complexity and dynamics of the n-Tier network, we rely on joint activities with all our members to identify risks to the environment and society, create more transparency and achieve more effectiveness.

The Catena-X Use Case Sustainability/Environmental and Social Standards participants should consider the Code as a comprehensive supply chain initiative. A prerequisite for membership is conducting business activities in full compliance with the law.

The Code also encourages participants to go beyond legal compliance and rely on internationally recognized standards to promote social and environmental responsibility and business ethics, for example by increasing their own sphere of influence through complementary measures or collaborations, and by encouraging collaboration with non-governmental organizations.

The Catena-X Use Case Sustainability / Environmental and Social Standards is committed to regularly engaging with stakeholders in the ongoing development and implementation of the Code of Conduct. The Code consists of three sections. Section I contains the requirements for Catena-X members. Section II describes the proposed implementation of the Catena-X Code of Conduct. Section III refers to the elements of an acceptable system that complies with this Code.

I. Requirements for Catena-X members

The following requirements for Catena-X members are derived, among other things, from the internationally recognized guiding principles.

1. Responsible Business practices

Acting responsibly and in accordance with the law is an integral part of our values. The basic requirement is consistently lawful business activity. The Catena-X member must comply with all legal requirements to its product and operations, including those of national and international standards regarding sustainability, environmental protection, ethical management, and respect for human rights.

2. Social Responsibility

For Catena-X the social responsibility towards employees and other potential stakeholders is of utmost importance. The Catena-X member must therefore take appropriate precautions to avoid committing and participating in human rights violations. Catena-X rejects any threatening and defaming of people who advocate for the protection of human rights at the supplier and address human rights violations (human rights defenders), and it also expects its suppliers to guarantee their protection where necessary.

2.1 Prohibition of forced labor and slavery

The Catena-X member must ensure that forced labor and modern slavery are prevented in their own business area and with business partners. In specific terms, this includes:

- Labor or service required of a person under threat of punishment and for which he or she has not volunteered (including ILO C29) and
- all forms of slavery, slave-like practices (e.g., demanding excessive fees and withholding documents), servitude, or other forms of domination or oppression (e.g., debt bondage and use of force) in the workplace environment, such as through extreme economic or sexual exploitation or humiliation.

Catena-X prohibits any form of forced or compulsory labor, including debt bondage, human trafficking, and any other form of modern slavery in accordance with ILO Convention No. 29. Catena-X members shall ensure that their employees have the freedom to choose their employment and can terminate their employment in accordance with legal requirements and receive all due payments. Employees must not be subjected to debt bondage or financial burdens. This also applies to employees of their business partners.

2.2 Prohibition of child labor

The Catena-X member must ensure that child labor and the worst forms of child labor are prevented according to ILO conventions in their own business area and with business partners and undertake to comply with the following requirements:

- Prohibition of the worst forms of child labor (including ILO 182).
- The minimum age for employment is in accordance with the requirements of the national law of the supplier location and is at least 15 years (including ILO 138).
- Persons under the age of 18 are minors and therefore in need of protection (including ILO 182). They shall not perform work which, due to its nature or the circumstances in which it is performed, would endanger their safety, health or moral, for example, by working overtime or night shifts (including ILO 138).

2.3 Freedom of association and right to collective bargaining

The Catena-X member recognizes the right of employees to form employee representative bodies and to bargain collectively to regulate working conditions. In its operations, the Catena-X member must uphold the right of employees to join trade unions.

Establishing, joining, or becoming a member of a trade union must not be used as a reason for unjustified discrimination or retaliation.

Unions shall be allowed to operate freely and in accordance with the law of the place of employment. This includes the right to strike and the right to collective bargaining. The Catena-X member must also exclude the use of security forces to interfere with freedom of association.

2.4 Protection against discrimination

The Catena-X member does not tolerate discrimination in any form. The general prohibition of discrimination in Article 2 (1) of the International Covenant on Civil and Political Rights of 19 December 1966 provides guidance. Unequal treatment in employment, for example due to national or ethnic origin, social origin, language, pregnancy, marital status, disability, sexual orientation, age, gender, trade union membership, political opinion, religion, belief, or other characteristics protected by applicable law (including ILO C111) must be prevented. Unequal treatment also includes, in particular, the payment of unequal remuneration for work of equal value.

2.5 Right to adequate remuneration

The Catena-X member must ensure that the remuneration paid to employees complies with all applicable wage laws, including those related to minimum wages, overtime, and statutory benefits. In specific terms, this means that:

- The wage shall be at least in accordance with the locally applicable minimum wage regulations and in any case shall be a living wage.
- Wages shall be paid in a traceable manner and at a specified time in accordance with ILO 95.
- Compliance with legal working time regulations and compensation of overtime. Social benefits can be claimed by employees with applicable laws (e.g., sick leave).

If statutory social insurance exists, payment of the contributions shall be mandatory.

We encourage Catena-X members to ensure employee representation in the regulation of working hours or at least to adequately consider the needs of employees in the organization of working hours.

2.6 Right to health and safety in the workplace

The Catena-X member must comply with all national and international standards and laws on occupational safety (in particular safety at work, health protection, working hours) that apply to its location of business. Furthermore, the working hours must be organized in such a way that occupational accidents due to physical and mental fatigue are avoided and the health of employees is maintained (ILO 1, ILO 14). This principle also encompasses temporary agency work, the secondment of employees, and outsourced work.

2.7 Rights of local communities

The Catena-X member respects applicable local, national, international, and traditional rights concerning land, water, and resources. In particular, the rights of indigenous peoples and local communities shall be respected and protected throughout the supply chain in accordance with the “United Nations Declaration on the Rights of Indigenous Peoples”.

The Catena-X member agrees not to participate in land grabbing. The Catena-X member must also follow the prohibition of unlawful eviction of land, forests, and waters. This applies if he acquires, cultivates, or otherwise uses land, forests and waters that serve as a livelihood of a person. Rather, the Catena-X member must obtain free, prior, and informed consent (FPIC) from existing land users, for example as defined in the UN-REDD program: reducing emissions from deforestation in developing countries (REDD) and provide adequate compensation if the supplier has been granted land use.

3. Ecological responsibility

For the Catena-X member, responsibility toward the environment means protecting the finite resources of nature. Therefore, the careful and efficient use of resources is of the utmost importance.

The Catena-X member must comply with all national and international environmental standards and laws applicable that apply to its location of business. We also expect the Catena-X member to refrain harmful changes to the soil, water and air pollution, harmful noise emissions or excess water consumption that significantly impair the natural foundations for the cultivation and the production of food, prevent people from accessing safe drinking water, impair or inhibit access to sanitary facilities, or are harmful to health.

3.1 Decarbonization

The Catena-X member must advance the decarbonization of the entire value chain. The emission reduction targets, and renewable energy targets are to be implemented in accordance with the Paris Climate Agreement (COP 21) and appropriate binding measures are to be taken.

3.2 Resource conservation and circular economy

The Catena-X member must refrain waste and ensure responsible handling of resources such as water, energy, raw materials, and materials. We also expect the Catena-X member to qualify their own n-tier supply chains with regard to the provision of secured secondary raw material sources, and to evaluate that secondary raw materials are used to the greatest extent possible. This also includes, for example, establishing closed loops for returning recyclable materials into the supplier's own supply chain.

3.3 Handling hazardous substances and waste

The Catena-X member applies appropriate procedures to consider environmental, health and safety aspects. Therefore, the Catena-X member must handle these materials in accordance with the applicable regulations and shall guarantee that they are handled, transported, and stored safely. They must also ensure that such materials are reused, recycled, or disposed of properly.

The provisions from the following conventions are to be adhered to:

- the Minamata Convention (use of mercury),
- the Stockholm Convention (on persistent organic pollutants) and
- the Basel Convention (on the control of transboundary movements of hazardous waste and their disposal).

Furthermore, all other laws and specifications concerning hazardous materials, chemicals, and substances that apply to the business location and/or the market in question (e.g., European Regulation (EC) No. 1907/2006 (REACH)) are to be complied with.

We also expect that the Catena-X member and its suppliers, regardless of whether they are members of Catena-X or not, will inform themselves about future laws that will apply to them and to prepare for their timely implementation.

3.4 Protection of biodiversity

The Catena-X member must protect natural ecosystems and not to contribute to the changing, deforestation and damage of natural woodland and other natural ecosystems. The guidelines of the High Conservation Value Resource Network (HCV) and the High Carbon Stock Approach (HCSA) are to be applied.

3.5 Animal welfare

The Catena-X member that processes animal products must ensure the implementation of standards and best practice methods for compliance with animal welfare along the entire supply chain. Furthermore, we expect the Catena-X members to give preference to alternative methods that do not involve animal testing, except where required by law. In any case, the Catena-X member must follow the national and international rules regarding animal protection and animal testing.

In addition, we demand compliance with further principles:

- The 3R principle regarding animal testing (reduction, refinement, replacement),
- the Five Freedoms of the Animal Welfare Committee (AWC) as a criterion to assess animal welfare, and
- the standards for the improvement of animal health and welfare (Terrestrial Animal Health Code) of the World Organisation for Animal Health.

3.6 Responsible procurement of raw materials and minerals

The Catena-X member must establish special due diligence processes in accordance with the 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' for the following raw materials: tin, tungsten, tantalum, and gold (the so-called 3TG) from conflict-affected and high-risk areas (CAHRAs).

The Catena-X member shall source raw materials from verified sources. We encourage the Catena-X member to obtain certification by an independent third party, such as the Responsible Mining Standard of the „Initiative for Responsible Mining Assurance“ (IRMA). Furthermore, if relevant, we recommend participating in multi-stakeholder initiatives (e.g., „Responsible Minerals Initiative“) that aim to establish the standards defined in this document in raw material supply chains.

4. Implementation of corporate duty of care

Accordingly, the Catena-X member, must align its business and procurement activities with these principles and address them appropriately along its supply chain.

We expect that the Catena-X member has established or is implementing a due diligence process with appropriate measures to ensure that its suppliers and subcontractors, in turn, also comply with the standards are adhered to, e.g., implementation of the Code of Conduct of the Responsible Business Alliance (RBA) or the Guiding principles of the Drive sustainability partnership.

To promote the implementation of this Code of Conduct, we expect the Catena-X member to take the following actions:

Risk management: We expect that the Catena-X member implements an appropriate and effective management system for corporate due diligence toward people and the environment in its organization as well as with its direct suppliers. This includes but is not limited to contractual agreements, a supplier policy for sustainable procurement, and audits or other suitable measures to prevent or minimize these risks or to end the violation of human rights-related or environmental obligations.

The Catena-X member shall adequately address sustainability requirements in accordance with this Code of Conduct to its direct business partners that include at least the following topics:

Prohibition of child labor; young workers; wages and benefits; working hours; prohibition of modern slavery; freedom of association and collective bargaining; non-discrimination and harassment; women's rights; diversity, equity, and inclusion; rights of minorities and indigenous peoples; land, forest, and water rights and forced eviction; health and safety; anticorruption and anti-money laundering; data protection and data security; financial responsibility; disclosure of information; ; fair competition and antitrust law; conflicts of interest; counterfeit parts; intellectual property; export controls and economic sanctions; whistleblowing and protection against retaliation; responsible chemical management; sustainable resource management; waste reduction; biodiversity, land use and deforestation; soil quality.

Notification and remedy mechanisms: If a Catena-X member becomes aware that there has been a violation of the requirements of the Code of Conduct within its own business operations or supply chain, it must promptly take appropriate corrective measures. At its own discretion, the Catena-X member will immediately inform Catena-X Automotive Network e.V. about confirmed violations in its own business operations or supply chain against the obligations of this standard or any related regulatory investigation. This follows the principle of "sharing is caring". Upon becoming aware of a violation, the Catena-X member will, at its own discretion, promptly inform its affected customers or suppliers and, after appropriate review, share all relevant information regarding a substantiated violation and actively request their cooperation, following the "need-to-know" principle. In the case of a very serious violation or a violation of the prohibition of forced and child labor, there is no room for discretion.

Effectiveness: The Catena-X member shall take reasonable measures to prevent or minimize human rights or environmental risks or to end the violation of human rights or environmental obligations and to eliminate or mitigate its consequences. The appropriateness is determined by the member's business activities, by his power of influence, by the severity of the injury to be expected, its reversibility and probability as well as by the type of causal contribution. In principle, the agreement and implementation of measures are the responsibility of the respective company. Nevertheless, it may be advisable and necessary for the Catena-X member to initiate the bundling of interest groups (potentially also affected companies, non-governmental organizations, trade unions, politics, as well as potentially affected persons) on an event-related basis. Pooling resources and creating transparency increases the potential to derive and establish effective measures.

Further development and support: Catena-X Automotive Network e.V. acknowledges that the implementation of the duty of care described here is a dynamic process. Catena-X Automotive Network e.V. offers support to the Catena-X member in the implementation of human rights due diligence and in ensuring human rights standards through e.g., information, training, and constructive exchange.

This clause does not establish any legal claim to specific support measures by the Catena-X Automotive Network e.V. community.

II. Implementation of the Catena-X Code of Conduct

The requirements for Catena-X members based on national and international standards and laws. The Catena-X Code of Conduct for the Use Case Environmental and Social Standards describes the requirements and expectations for audit and information rights, effectiveness, reporting options, handling infringements and liability towards third parties as follows:

1 Audit and information rights

On an ad hoc basis, the Catena-X Code of Conduct requires collaboration of the Catena-X member and its business partners in order to trace an incident with the aim of minimizing the risk and ideally eliminating it.

Upon request, the Catena-X member shall fully and truthfully answer questions to the Committee on Environmental and Social Standards in the Catena-X Automotive Network e.V. about compliance with its obligations under this Standard, including its actions, any violations, and complaints. The Catena-X member must also provide relevant documentation upon request and nominate contacts for inquiries. When requesting information, the committee of the Catena-X Automotive Network e.V. complies with all applicable laws and regulations, especially those of data protection.

Within the scope of its possibilities, the Catena-X member must arrange for its business partners to provide other affected Catena-X participants in the supply network with the information they need to implement their legal duty of care in their supply chain.

2 Effectiveness

The Catena-X member regularly reviews the effectiveness of the measures they have taken as a company. In doing so, the Catena-X members implemented the afore mentioned entrepreneurial duty of care in the cooperation and support of the Catena-X network. The Catena-X business partners must regularly inform each other about the status of implementation or addressing of these obligations at their suppliers and thus adhere to the "need-to-know" and "sharing is caring" principles.

3 Reporting options

The ESS KIT is the base for a complaint mechanism that could be reached in the event of (potential) violations of the above requirements by Catena-X members.

4 Handling of violations

The Catena-X members ensure that persons who have filed a complaint via the complaint mechanism described in the ESS KIT will not suffer any disadvantages. In particular, persons who have filed a complaint may not be dismissed on the basis of the complaint, passed over in the case of promotions, transferred, deployed in lower positions, excluded from training, obliged to perform special work or deployed at a lower wage. The principle applies that the aforementioned protection against disadvantages only applies to persons who have acted to the best of their knowledge and belief in relation to your complaint.

The Catena-X member is required by law to establish a complaint mechanism that allows people in the supply chain to be made aware of possible violations of human rights.

5 Liability towards third parties

All Catena-X members of the Catena-X Automotive network as well as all Catena-X business partners bear sole responsibility for the duties incumbent upon them. If one party breaches its obligations, this shall not relieve the other party from fulfilling its obligations.

III. Elements of the Catena-X ESS system standards

The system implementation must take into account the Catena-X principles for an open, data-sovereign, standardized and decentralized network. The data exchange for the environmental and social standards use case takes place exclusively between the respective network partners ("one-up/one-down" principle). The possible incidents are distributed to the potentially affected Catena-X members via the supply network on an event-by-event basis and processed there. For this purpose, the greatest possible participation of companies in the automotive supply chain in the Catena-X data

ecosystem is to be striven for and required. By participating in the Catena-X data ecosystem [DS1], the companies undertake to ensure the capability of their systems, IT infrastructure, organization, and employees.

The current technical descriptions and solution architecture are described and documented in the Eclipse Tractus-X GitHub project.

Furthermore, reference is made to the current Catena-X standards. These are located in the [Catena-X standard library](#).

Annex

The following standards were used in the creation of this Code of Conduct and serve as an additional source of information. The following standards serve as an in-depth recommendation for the participants in the Code of Conduct.

ILO Code of Practice in Safety and Health

ILO International Labor Standards

ISO 14001

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

OECD Guidelines for Multinational Enterprises

Universal Declaration of Human Rights

United Nations Convention Against Corruption

United Nations Convention on the Rights of the Child

United Nations Convention on the Elimination of All Forms of Discrimination Against Women

United Nations Global Compact

High Conservation Value Resource Network (HCV)

High Carbon Stock Approach (HCSA)

Initiative for Responsible Mining Assurance (IRMA)

Responsible Business Alliance (RBA)

Drive Sustainability Guiding Principles

Farm Animal Welfare Committee (FAWC)

Terrestrial Animal Health Code

Act on Corporate Due Diligence Obligations in Supply Chains

Handreichung zur Umsetzung einer Risikoanalyse nach den Vorgaben des Lieferkettensorgfaltspflichtengesetzes (BAFA)