

TMD FRICTION

GRIEVANCE PROCEDURE

Content

- 1. Background & Purpose 3**
- 2. Scope..... 3**
- 3. Definitions 3**
- 4. Objectives 4**
- 5. Procedure / Responsibilities..... 5**
- 6. Details of external point of contact..... 10**

1. Background & Purpose

The purpose of this procedure is to outline the steps involved in the management of the grievance reporting system, also known as the whistleblower system, which includes receiving, assessing, investigating, and resolving reports of concerns, misconduct, or potential violations of Human Rights, company policies or applicable laws.

2. Scope

This procedure applies to the entire TMD Friction Group but also to all employees, contractors, customers, suppliers and stakeholders of the company who utilize or interact with the grievance reporting system.

3. Definitions

List of abbreviations:

LkSG	German Act on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains (German Supply Chain Due Diligence Act).
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4. Objectives

Understanding that an effective grievance procedure and reporting system is an important building block for further developing the company's governance, compliance and risk management, this document targets to

4.1 Encourage Reporting:

Foster a culture that encourages employees and stakeholders to report concerns, wrongdoing, or potential violations of company policies or applicable laws, human rights and environmental-related risks and duties.

4.2 Confidentiality:

Maintain strict confidentiality and protect the identity of individuals who report concerns, unless required by law or necessary for investigation purposes.

4.3 Fairness:

Ensure that all reports are treated fairly, impartially, and without bias throughout the reporting process.

4.4 Timely Response:

Promptly acknowledge and respond to all reports received through the grievance reporting system.

4.5 Investigation and Resolution:

Conduct thorough investigations of reported concerns and take appropriate actions to address any substantiated allegations.

4.6 Non-Retaliation:

Prohibit retaliation against individuals who report concerns in good faith and provide safeguards against any form of retaliation.

4.7 Documenting and Reporting:

Maintain proper documentation of reported concerns, investigations, and outcomes for record-keeping and reporting purposes.

5. Procedure / Responsibilities

5.1 Who can file complaints?

- All employees, including executive personnel, of all companies and sites of TMD Friction Group
- Freelance workers
- Contractors and subcontractors
- Customers
- Suppliers
- Shareholders
- Former employees
- Prospective employees
- Volunteers & Trainees
- Other external parties potentially affected with the infringement of TMD Friction's Code of Ethics, environmental-related risks and human rights compliance.

5.2 Types for wrongdoings to report

- Fraud
- Legal compliance
- Bribery
- Corruption
- Theft
- Financial Mismanagement
- Discrimination
- Harassment
- Retaliation or Retribution
- Environmental, Health & Safety
- Bullying
- Human rights
- Others not specified.

5.3 Grievance reporting procedure

1. Receiving a complaint

We encourage you to consider whether you can directly raise your concern with the superior in your respective working environment or with someone at TMD Friction along the command line. Should this not be possible, or should this approach not appear to be appropriate, then each employee may directly contact the Vice President Internal Audit or any other member of the Internal Audit department.

If you do not feel comfortable doing so, or do not know whom to contact, or you are reporting as an external party, you can raise a grievance report to TMD Friction via the Ethics Hotline system.

The Ethics Hotline system operates 24 hours a day, seven days a week, and is run by an independent, third-party provider. The Ethics Hotline is designed to protect your anonymity and provide confidentiality. The Ethics Hotline provides a web-based reporting capability as well as a free telephone-based service, present in all the countries where the company is based. The contact details for the Ethics Hotline are available at the end of the document.

When you make contact through the Ethics Hotline designated telephone service, you will speak with a specialised call handler who will ask you for some information, document your feedback and ask follow-up questions to clarify information.

The call handler will then prepare a report of your concern to be sent to your TMD Friction's senior company representative who will be responsible for determining what course of action is to be taken, such as a formal investigation into the matter.

In circumstances where you wish to remain anonymous, the Ethics Hotline call handler will provide you with a unique reference number and ask you to call back quoting the number should you wish to provide further information or receive feedback about the status of your alert. All concerns raised are treated confidentially and will only share your personal contact details with TMD Friction should you provide consent to do so.

A similar process will be followed when you file the complaint via the website portal. The web report will allow you to complete several pre-set fields to allow you to provide appropriate information to submit your report. The portal will also allow you to add further information and seek feedback regarding your concern.

Regardless of how a report is made, and as it also stated in Group Policy GPo-CEO-001 point 3.2.G), TMD Friction prohibits retaliation against anyone who, in good faith, reports a possible violation or who participates in an investigation, even if sufficient evidence is not found to substantiate the concern. TMD Friction will take appropriate action against any individual determined to be engaging in retaliatory conduct.

The Internal Audit department will receive the reported complaint and launch the next steps of the process.

2. Assessment of the complaint

The Internal Audit department will review the complaint, wrongdoing or information received to understand if it is within the scope of the grievance procedure. If it is rejected, a short statement of the reasons will be informed back to the reporting person.

If the report is admissible, the responsible person will assess the subject and its severity to assign the investigation and clarification of the matters stated in the report to the appropriate managers.

3. Acknowledgement

The authorised receiver of the information or grievance report will document it from its receipt and acknowledge it to the reporting person.

The Vice President Internal Audit, the EVP Finance, HR, Legal & IT and Group Legal will be informed.

In case the report relates to Human Rights infringements or environmental-related risks or violations, which fall under LkSG, the Human Rights Officer will be directly informed as well.

The reporting person will be informed of the rejection or admissibility of the grievance report as soon as possible, but no later than a week after it is received.

In case of situations which that might have a direct serious risk for employees, the assessment will be completed within the next 48 hours.

4. Investigation

A thorough investigation of the reported concern will be conducted while maintaining confidentiality, disclosing information only on a need-to-know basis.

Vice President Internal Audit and Chief Financial Officer; EVP Finance, HR, Legal and IT will decide, in a case-by-case basis, the resources and approach to investigate and clarify the facts under the reported information or complaint.

In case the report falls under LkSG, Vice President Internal Audit and Human Rights Officer will align, in a case-by- case basis, the resources and approach to investigate and clarify the facts under the reported information or complaint.

The Internal Audit department will lead the investigation ensuring is fair, unbiased, and in compliance with applicable laws and company policies.

To the extent possible due to anonymity, the reporting person will be contacted to gain a better understanding of the facts and background identified in the report.

Additionally, such communication should aim to reinforce the trust on the process, on the confidentiality of the reporting person and its personal data, and on the protection of the reporting person against any retaliation actions.

Once a final resolution has been achieved, a report will be issued, usually in the next three months after the admission of the reported concern.

5. Reporting, monitoring and close-out

The report issued will address

- the information received within the initial grievance report,
- the relevant facts, information and documentation gathered during the investigation,
- the conclusion over the reported concern
- and, where necessary, the remedial actions to be implemented to prevent a similar event to repeat or to minimize its recurrence.

Latest after one week from the issuing of the final report, the reporting person will be

informed of the resolution of the complaint.

If the complaint or reported wrongdoing is found to be unsubstantiated, the report will include the reasons supporting such assessment, and the complaint will be closed out one week after properly informing the resolution.

If the reported situation was deemed to be grounded, the correction actions taken will be included in the communication to the reporting person. In that case, there will be a follow up of the implementation of such remedial actions, within the agreed time frame. The resolution will be closed out after such implementation has been complete and after one week of properly informing of its finalisation.

After the closing out of the complaints, the relevant records will be properly retained by the Internal Audit department and as necessary by the Human Rights Officer:

- Proper documentation of all reports, investigations, and actions taken are maintained in a secure and confidential manner.
- Records are retained in accordance with applicable laws, regulations, and company policies.

6. Effectiveness review

The effectiveness of the procedure is subject to annual review, and on an ad hoc basis as deemed necessary.

To assess the effectiveness of the procedure, the following measurable Key Performance Indicators (KPI) will be developed and reviewed:

- Total number of complaints. It will be available a disclosure by channel the complaint was received and by topic.
- Number of open complaints.
- Proportion of total and on-time resolved complaints.
- Average time to resolve a complaint.

Additionally, a checklist of questions, which will be based on the effectiveness criteria of the United Nations Guiding Principles, will be prepared and reviewed to validate the effectiveness of the process and/or capture improvements and/or deficiencies which need to be addressed.

The grievance procedure will be reviewed and adapted, based on the outcome of this effectiveness review, as necessary.

6. Details of external point of contact

The details of the external point of contact are as follows:

via Internet:

www.seehearspeakup.co.uk

User Name: tmdf
Password: 8633

via Hotline:

- Germany 0800 000 8875
- China 400 120 2442
- Japan 0066 3313 2761
- Romania 0800 896 530
- France 0800 918 045
- USA 1855 290 6405
- Brazil 0800 020 1614
- Mexico 800 681 1823
- Spain 800 600 953
- UK 0808 129 0498
- Luxemburg 800 21 031
- Poland 00 800 121 1495
- UAE 8000 178 171
- Russia 8800 100 6475