

SUPPLY CHAIN - CODE OF CONDUCT (COC)

Komar Products GmbH & Co. KG

1 Preamble

Komar and our customers in many countries throughout the world have been benefitting for over 50 years from the strong, long-term relationships the company has established with its suppliers. Komar Products GmbH & Co. KG is committed to ecological and social responsibility in its corporate management. We also demand sustainable business management from our suppliers as part of a long-term strategy for achieving success.

We also expect our employees to observe the principles of environmentally, socially and ethically responsible conduct and to make these an integral part of our corporate culture. In addition, we strive to continuously optimise our business practices and products in pursuit of sustainability and urge our suppliers to contribute to these endeavours in order to maintain a holistic approach.

With regard to future collaboration, the parties to the contract hereby agree to adopt the following provisions in the interest of establishing a common Code of Conduct. This Code of Conduct is based on national laws and regulations such as the German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG) as well as on international agreements such as the UN Universal Declaration of Human Rights, Children's Rights and Business Principles, the UN Guiding Principles on Business and Human Rights, the International Labour Organization's International Labour Standards and the UN Global Compact.

This agreement shall serve as the basis for all future deliveries.

The parties to the contract undertake to observe the principles and requirements of the Code of Conduct and to endeavour to commit their subcontractors to comply with the standards and regulations set out in this document. This Agreement shall enter into effect upon being signed. Any breach of the Code of Conduct may ultimately lead to termination of business relations including all associated supply agreements.

This Code of Conduct is not intended to substitute national laws or regulations, collective bargaining agreements or contracts of employment, and Komar expects its suppliers to comply with national laws as a matter of course. Should individual provisions of this Code be unenforceable under national laws or collective bargaining agreements, it is expected that the supplier will endeavour to comply with the principle expressed therein to the fullest extent permitted by law.

2 Requirements for suppliers / international principles and agreements

2.1 Social responsibility

Our suppliers shall observe and protect internationally recognised human rights. They shall uphold fundamental human and labour rights based on applicable national legislation. The following principles are based on the fundamental principles of the International Labour Organisation (ILO).

No forced labour

No forced labour, slave labour or comparable types of labour shall be used. All work must be done voluntarily and without threat of punishment. Employees must be able to terminate their work or employment at any time. Furthermore, there must be no unacceptable treatment of employees such as mental cruelty, sexual or personal harassment, or humiliation. Our suppliers shall uphold the elimination of all forms of forced labour. Employees must not be required to hand over their identity document, passport or work permit as a condition of employment.

In accordance with the fourth principle of the Global Compact and ILO Conventions 29 and 105

- **Prohibition of child labour**

No child labour shall be used at any stage of production. Suppliers are required to comply with the recommendation of the ILO conventions on the minimum age for the employment of children. Accordingly, the age shall not be lower than the age at which compulsory education ends under the law of the place of employment and in any case not lower than 15 years. If children are found working at the site, the supplier shall document the measures to be taken to remedy the situation and enable the children to attend school. The rights of young employees shall be protected. Young people below the age of 18 must not be used for work that is harmful to a child's health, safety or morals. Specific protection regulations must be observed.

In accordance with ILO Conventions 79, 138, 142, 182

- **Fair pay**

The pay for regular working hours and overtime must correspond to the national statutory minimum wage or the minimum standards customary in the industry, whichever is higher. Insofar as the pay is not sufficient to cover normal living costs and to build up a minimum level of reserves, the supplier shall be obliged to increase the pay accordingly. Employees shall be granted all benefits prescribed by law. Deduction from wages for disciplinary reasons shall not be permitted. The supplier shall ensure that workers receive clear, detailed and regular written information concerning the composition of their pay.

In accordance with ILO Conventions 26 and 131

- **Fair working hours and holidays**

Working hours must comply with applicable laws or industry standards. Overtime should only be worked on a voluntary basis and employees should be given at least one day off after six consecutive days of work.

In accordance with ILO Conventions 1 and 14

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Employees shall be granted at least the minimum leave according to national law, and the supplier shall also endeavour to meet ILO standards if these are higher. Paid parental leave shall be granted in accordance with local law.

- **Freedom of association**

Employee rights shall be respected with regard to forming and joining organisations of their choice, engaging in collective bargaining and taking strike action. In cases where freedom of association and the right to collective bargaining are restricted by law, the supplier shall facilitate alternative means of independent and free association of employees for the purpose of collective bargaining. Employee representatives must be protected from discrimination. Employees must not be discriminated against on the grounds of forming, joining or being a member of such an organisation. Employee representatives shall be given free access to their colleagues' workplaces for the purpose of ensuring that they are able to exercise their rights in a legal and peaceful manner.

It must be possible for employees to communicate openly with the executive management without fear of reprisals, intimidation or harassment.

In accordance with the third principle of the Global Compact and ILO Conventions 87, 98, 135 and 154

- **Prohibition of discrimination, bullying and abuse**

Our suppliers shall not tolerate any discrimination against employees on the grounds of gender, race, caste, national, ethnic or social origin, skin colour, disability, health status, political conviction, origin, belief, religion, age, pregnancy or sexual orientation.

The personal dignity, private sphere and personal rights of each individual shall be respected.

Employees must not be exposed to any bullying, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or insults or any corresponding verbal threats. Our suppliers shall uphold the elimination of discrimination in respect of employment and occupation.

In accordance with the sixth principle of the Global Compact and ILO Conventions 110, 111, 158 and 159

- **Occupational health and safety**

Our suppliers shall ensure a safe and healthy working environment. Necessary precautions against accidents and injury to health that may occur in connection with work shall be implemented by establishing and applying appropriate occupational safety systems.

Furthermore, employees shall be regularly notified and trained regarding standards and measures concerning health protection and safety.

Employees shall be given access to drinking water in sufficient quantities as well as to sanitary facilities.

As a minimum, our suppliers shall comply with national standards for a safe and hygienic working environment.

In accordance with the sixth principle of the Global Compact and ILO Convention 155

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- **Maintaining essential natural resources**

The supplier must not, in violation of legitimate rights, deprive persons of land, forests or waters whose use secures their livelihood. The supplier shall refrain from harmful soil changes, water and air pollution, noise emissions and excessive water consumption if this harms people's health, severely impacts natural resources required for food production or prevents people from accessing safe drinking water or sanitary facilities.

Suppliers should comply with local animal welfare standards. Where there are no local laws, suppliers are encouraged to comply with the standards of the International Organisation for Standardisation regarding ecological behaviour and the physical and mental welfare of animals from which products, components, materials or services are derived

In accordance with Section 2 (2) (9, 10) LKSG

- **Grievance mechanisms**

At company level, the supplier shall be responsible for establishing an effective grievance mechanism for individuals and communities that could be affected by adverse impacts, including adverse impacts in the supply chain. The grievance procedure must be accessible to employees while maintaining confidentiality of identity and effective protection against discrimination. Employees who raise a grievance regarding violations of this Code of Conduct or relevant laws shall not be subject to any form of disciplinary action.

- **Managing conflict minerals**

With regard to the conflict minerals tin, tungsten, tantalum and gold as well as other natural resources such as cobalt, the company establishes processes in accordance with the principles of the Organisation for Economic Cooperation and Development (OECD) concerning fulfilment of the due diligence guidelines for promoting responsible supply chains for minerals from conflict-affected and high-risk areas. The company also expects the same of its suppliers. Smelters and refiners that do not have an appropriate, audited due diligence process should be avoided.

In accordance with / with reference to the current standards and OECD guidance

2.2 Ecological responsibility

Our suppliers shall take a systematic approach to fulfilling their ecological responsibility.

The core issues of the EMAS regulation (no. 1221/2009) and ISO 14001:2015 cover the following environmental aspects:

Emissions into the atmosphere, releases to water, contamination of soils, consumption of raw materials and natural resources, energy consumption and efficiency, release of energy (in the form of heat, radiation, light, noise), generation of waste, use of land/biodiversity

These issues should be taken into account in the supplier's environmental management system.

- **Treatment and discharge of industrial waste water**

Waste water from operations, manufacturing processes and sanitary facilities shall be classified, monitored, examined and, if required, treated before being discharged or

disposed of. Furthermore, measures should be introduced to reduce the generation of wastewater

- **Managing air emissions**

General emissions from operations (air and noise emissions) and greenhouse gas emissions shall be classified, routinely monitored, examined and, if required, treated prior to their release. The supplier shall also monitor its off-gas cleaning systems and is urged to find economic solutions aimed at minimising all emissions.

- **Managing waste and hazardous substances**

The supplier shall take a systematic approach to identifying solid waste as well as to handling, reducing and responsibly disposing of or recycling such waste. Bans on the export of hazardous wastes as outlined in the Basel Convention of 22 March 1989 (as amended) shall be observed. Chemicals or other materials that pose a hazard if released into the environment shall be identified and handled in a manner that ensures safety during their handling, transport, storage, use, recycling or reuse and disposal.

Chemicals and other substances that pose a risk to humans and the environment if released shall not be used. If, for scientifically verifiable reasons, it is not possible to completely forgo use of such chemicals and substances, legally prescribed limits must be observed as a minimum. Legally prescribed labelling requirements must be observed.

- **Reducing consumption of raw materials and natural resources**

The use and consumption of resources during production and the generation of waste of any kind, including water and energy, shall be reduced or avoided. This shall either be done at the point of origin itself or by means of procedures and measure, for example by changing production and maintenance processes or workflows in the company, by using alternative materials, by savings, by recycling or by reusing materials.

- **Managing energy consumption and efficiency**

Energy consumption shall be monitored and documented. Economic solutions shall be found to improve energy efficiency and minimise energy consumption.

- **Green production**

Responsible use of raw materials and natural resources shall be ensured in all stages of production. The supplier is called upon to pay attention to economical energy consumption and to give preference to regenerative forms of energy.

During product development, attention shall be paid to recyclability or to the return of materials and products to natural cycles.

2.3. Ethical business conduct

With regard to the individual areas, please refer to the OECD Guidelines for Multinational Enterprises and the Global Compact.

- **Fair competition**

Standards concerning fair business practices, fair advertising and fair competition shall be observed. In addition, the applicable antitrust laws shall be applied, which in particular prohibit collusion and other activities that influence prices or conditions when dealing with competitors. Furthermore, these regulations prohibit agreements between customers and suppliers aimed at restricting customers' freedom to determine autonomously their prices and other conditions when reselling goods.

Our suppliers shall not enter into any agreements or coordinated practices with other companies that have the effect of preventing, restricting or distorting competition in accordance with the applicable antitrust legislation and shall not take unlawful advantage of any dominant market position.

- **Confidentiality/data privacy**

The supplier shall establish appropriate technical and organisational measures to protect personal data and confidential information. Suppliers shall impose appropriate obligations on third parties who process such confidential information and personal data on their behalf.

Suppliers shall ensure that they comply with international and national data privacy laws and with regulations concerning the protection of confidential information.

Suppliers shall promptly notify Komar of any suspected or actual data privacy and/or information violations with respect to the services/work/goods they provide.

Suppliers shall assist Komar in any investigation into potential or actual data privacy and/or information violations.

- **Intellectual property**

Respect intellectual property rights and products; technology and know-how transfers shall be conducted in a manner that protects intellectual property rights and customer information. The use of counterfeit parts is expressly prohibited and carries severe penalties.

- **Integrity, bribery, accepting bribes**

The highest standards of integrity shall be applied to all business activities. The supplier shall pursue a zero-tolerance policy in prohibiting all forms of bribery, corruption, extortion and embezzlement. Procedures for monitoring and enforcing standards shall be applied to ensure compliance with anti-corruption laws.

We refer you to the OECD Guidelines for Multinational Enterprises – Chapter 7.

3 Implementation of the requirements

We expect our suppliers to identify risks within supply chains and to take appropriate measures. In the event of suspected violations as well as to safeguard high-risk supply chains, the supplier shall inform the company promptly and, if necessary, regularly about the identified violations and risks as well as the measures taken.

The company shall verify compliance with the standards and regulations listed in this document with the aid of a self-assessment questionnaire, if necessary in supplier meetings and, if necessary, in risk-based audits at suppliers' production sites.

The supplier agrees that the customer may conduct such audits for specific reasons to verify compliance with the Code at the supplier's premises during normal business hours after reasonable advance notice by persons appointed by the customer.

The supplier may object to individual audit measures if these would violate mandatory data privacy regulations. Should a violation of the regulations of this Code of Conduct be identified, the customer shall notify the supplier in writing without undue delay within one month and set a reasonable rectification period for the supplier to bring its conduct into compliance with these regulations.

If a remedy is not possible in the foreseeable future, the supplier shall notify the company of this situation without delay and, together with the company, draw up a concept plus schedule for ending or minimising the violation

If such a violation occurred culpably, the situation is not corrected within the rectification period or implementation of the measures contained in the concept does not remedy the situation after expiry of the schedule thus making continuation of the contract until the ordinary termination date unreasonable for the customer and no less drastic means is available, the customer may terminate the contract/business relationship and terminate all contracts after the period set for rectification expires without the situation being corrected if it threatened to do so when setting the rectification period.

Any statutory right to extraordinary termination without rectification, in particular in the event of violations that can be regarded as very serious, shall remain unaffected, as shall the right to compensation for damages.

Applicable regulations:

- **International labour standards (ILO):**
<http://www.ilo.org/global/standards/lang--len/index.htm>
- **UN Global Compact:**
<https://www.unglobalcompact.org>
- **ISO 45001 International Standard for occupational health and safety (OH&S)**

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4 Acknowledgement and acceptance of the supplier

By signing this document, the supplier undertakes to act responsibly and to comply with the stated principles/requirements.

The supplier undertakes to communicate the contents of this Code to its employees, agents and subcontractors in a manner that is comprehensible to them and to make all necessary arrangements to implement the requirements.

Supplier:

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Name and role:

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Date and signature

Komar Products GmbH & CO. KG, Georg-Müller-Str. 2, 83059 Kolbermoor, Germany

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Date and signature