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# SUPPLIER CODE OF CONDUCT



Status November 2023

THE LÄPPLE GROUP



# INTRODUCTION

## **SUPPLIER CODE OF CONDUCT PREAMBLE**

As a company with more than 100 years of tradition, we feel a strong social obligation. Absolute compliance with legal regulations has always been a high priority for the LÄPPLE Group.

LÄPPLE is, therefore, committed to ecologically and socially responsible corporate management. We expect the same behavior from all our suppliers. We also expect our employees to observe the principles of social, ecological, and ethical behavior and to integrate them into the corporate culture. Furthermore, we strive to continuously optimize our business activities and our products and/or services with regard to sustainability and ask our suppliers to contribute to this as part of a holistic approach.

For future cooperation, LÄPPLE agrees with its suppliers as contractual partners on the validity of the following regulations for a joint Code of Conduct. This agreement shall form the basis for all future deliveries. The contracting parties undertake to comply with the principles and requirements of the Code of Conduct and to strive to contractually oblige their subcontractors to comply with the standards and regulations set out in this document. This agreement is a contractual appendix to all contracts. A breach of this Code of Conduct may ultimately be cause and reason for LÄPPLE to terminate the business relationship, including all associated supply contracts.

The Code of Conduct is based on national laws and regulations such as the Supply Chain Duty of Care Act (LkSG) and international conventions such as the United Nations Universal Declaration of Human Rights, the Guidelines on Children's Rights and Business Principles, the United Nations Guiding Principles on "Business and Human Rights", the international labor standards of the International Labor Organization, and the United Nations Global Compact.

The Executive Board

Business Division Management

Purchasing Management





# CONTENTS

<b>1. GENERAL PROVISIONS .....</b>	<b>6</b>
1.1 Area of application .....	6
1.2 General principles .....	6
1.3 Obligations of LÄPPLE .....	6
1.4 General rules of conduct .....	6
1.5 Compliance with laws and regulations .....	8
1.6 Information for employees and verification of compliance with the Supplier Code of Conduct .....	8
<b>2. CONCRETE REQUIREMENTS .....</b>	<b>10</b>
2.1 Compliance and business integrity .....	10
2.2 Protection of human rights and employee health and safety .....	12
2.3 Environmental protection .....	16
2.4 Handling confidential information, data protection and intellectual property .....	19
<b>3. VIOLATIONS .....</b>	<b>20</b>
3.1 Obligation to report violations .....	20
3.2 Consequences of a violation .....	20
<b>4. DECLARATION OF COMMITMENT .....</b>	<b>22</b>
<b>5. CHANGES .....</b>	<b>23</b>

# 1. GENERAL PROVISIONS

## 1.1 AREA OF APPLICATION

This Supplier Code of Conduct applies to all natural and legal persons who sell goods or provide services to the LÄPPLE Group (LÄPPLE AG and all companies in which LÄPPLE AG directly or indirectly holds a majority stake) (hereinafter "LÄPPLE"), either themselves or via third parties (e.g., affiliated companies, distributors, agents, or subcontractors) (hereinafter "Supplier"). Furthermore, the Supplier shall ensure that the supplier's parent, subsidiary, and group companies also comply with the requirements of the Supplier Code of Conduct.

## 1.2 GENERAL PRINCIPLES

The Supplier must comply with the principles laid down in this Supplier Code of Conduct and act accordingly. Recognition of the Supplier Code of Conduct is a precondition for a contractual relationship between the Supplier and LÄPPLE. Compliance with the Supplier Code of Conduct does not establish any rights in favor of third parties for the Supplier.

## 1.3 OBLIGATIONS OF LÄPPLE

LÄPPLE also undertakes to comply with the applicable principles and requirements and to work actively with the Supplier to implement this Supplier Code of Conduct.

## 1.4 GENERAL RULES OF CONDUCT

### Application and monitoring

The Supplier shall continuously monitor its own compliance with the Supplier Code of Conduct. The Supplier undertakes to communicate the content of this Code of Conduct to its employees, agents, and subcontractors in a manner that is comprehensible to them and to take all necessary precautions to implement its requirements.

### Cooperation and transparency

The Supplier must comply with the actions and decisions associated with the obligations arising from this Supplier Code of Conduct in a comprehensible and transparent manner.



## **1.5 COMPLIANCE WITH LAWS AND REGULATIONS**

The basic precondition for cooperation between LÄPPLE and the Supplier is compliance by the Supplier with the applicable national and international laws, rules, and regulations. These include, but are not limited to, the International Labor Convention (hereinafter "ILO") and the United Nations Universal Declaration of Human Rights, compliance with the Paris Agreement on Climate Change, the Stockholm Convention on Persistent Organic Pollutants, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, and the Minamata Convention on Mercury Emissions.

In the event that the applicable law sets stricter requirements than the Supplier Code of Conduct, the applicable law shall take precedence over the Supplier Code of Conduct. If the Supplier Code sets stricter requirements than the applicable law, the provisions of this Supplier Code shall take precedence over the applicable law.

## **1.6 INFORMATION FOR EMPLOYEES AND VERIFICATION OF COMPLIANCE WITH THE SUPPLIER CODE OF CONDUCT**

### **Employees**

The Supplier must inform its employees of the requirements of this Supplier Code of Conduct. To the extent required by the requirements of the LkSG, the Supplier who is obliged to comply with it must set up its own appropriate complaints procedure for reporting any violations. LÄPPLE is aware that the fulfillment of due diligence obligations is a central element of a supply chain. Therefore, in the interests of transparency, LÄPPLE may obtain knowledge of the human rights and environmental risks in its own supply chain and request the necessary information and data from its suppliers who do not fall within the scope of the LkSG in order to carry out an appropriate risk analysis. The Supplier must provide its employees with information received from LÄPPLE regarding accessibility, responsibility, and the implementation of a complaints procedure in an appropriate manner. The complaints procedure must be accessible to employees while maintaining confidentiality of identity and effective protection against discrimination. The Supplier is aware that its data and document records may be forwarded and published by LÄPPLE as part of complaint management and the associated reporting.

### **Obligation to provide evidence**

The Supplier shall document compliance with the above requirements and regulations. These records shall be made available to LÄPPLE upon request within an appropriate framework and following prior agreement. The corresponding assessment of compliance with this Supplier Code of Conduct can also be carried out by an on-site inspection by LÄPPLE. The Supplier undertakes to cooperate in any such audits/inspections. The Supplier is aware that LÄPPLE may carry out this inspection as part of an annual risk analysis and that its data will be processed accordingly for this purpose.

## 2. CONCRETE REQUIREMENTS

### 2.1 COMPLIANCE AND BUSINESS INTEGRITY

#### **Business integrity**

LÄPPLE expects its suppliers to comply with applicable laws regarding business integrity. The Supplier undertakes to maintain appropriate records documenting compliance with applicable laws, applicable norms, and industry standards.

#### **Bribery, corruption, and extortion**

The supplier shall ensure that its employees or any third parties bound by instructions do not promise, offer, or grant any advantages that are intended to achieve preferential treatment in business transactions. The supplier shall also inform LÄPPLE if it receives any such offers or promises from our employees or employees commissioned by us.

#### **Financial responsibility, proper accounting, and financial reporting**

LÄPPLE requires its suppliers to comply with the principles of proper accounting and, where applicable, financial reporting at all times. The Supplier is obliged to keep proper records and must not alter any entries in order to conceal or falsify any transactions involved. All records created or received as evidence of a business transaction, regardless of format, must fully and accurately reflect the event being documented. Records must be retained in accordance with applicable regulations

#### **Prevention of money laundering**

The Supplier complies with the relevant legal obligations to prevent money laundering and does not participate in money laundering activities.

#### **Origin of deliveries**

The Supplier must be able, at LÄPPLE's request, to name the places of origin associated with the service provided.

#### **Fair competition**

The standards of fair business, fair advertising, and fair competition must be complied with. In addition, the applicable antitrust laws must be observed, which in particular prohibit agreements and other activities that influence prices or conditions when dealing with competitors. Furthermore, these regulations prohibit agreements between customers and suppliers that are intended to restrict customers in their freedom to determine their own prices and other conditions for resale. In this respect, the Supplier shall refrain from all activities that have a negative impact on free competition. In particular, the supplier shall not participate in cartels or price-fixing agreements and shall not abuse any dominant market position.

#### **Trade control**

The supplier undertakes to comply with all applicable export and import laws and regulations within the scope of its business practices and to fulfill its customs obligations. In particular, such regulations that govern the import and export of products, services, or other items (including parts, components, technologies and data) and that impose sanctions, embargoes, or other restrictive measures. In addition, all other laws and regulations that apply in the context of international business activities must be complied with. The Supplier shall have established an internal system for compliance with import/export controls for this purpose. The Supplier shall ensure that all documents required for the import/export of goods and services are made available to the relevant customs offices and administrative authorities in good time.

#### **Conflicts of interest**

LÄPPLE expects its suppliers to make decisions exclusively on the basis of objective criteria. In particular, conflicts of interest due to private or economic interests must be avoided.

#### **Land, forest, and water rights and forced eviction**

The Supplier shall undertake not to support or carry out any unlawful appropriation or forced eviction of land, forests, and water. It safeguards and recognizes the right of the local population (especially ethnic minorities and indigenous people) to use land, forests, and waters as a source of livelihood.

## **2.2 PROTECTION OF HUMAN RIGHTS AND EMPLOYEE HEALTH AND SAFETY**

### **Free choice of employment**

All employment for the benefit of the Supplier must be on a voluntary basis. Forced labor, forced conscription of labor, forced prison labor or human trafficking are strictly prohibited. The prohibition of forced labor also applies to corporal punishment, confinement, and threats of violence. Furthermore, surveillance measures such as the withholding of identification documents, passports, work permits, or security deposits as conditions of employment by the Supplier are prohibited.

### **Prohibition of child labor**

The Supplier shall comply with the applicable national law regarding the minimum age for admissibility into employment. If no national standards exist, the international standards of the United Nations must be complied with.

### **Remuneration**

The Supplier shall comply with the applicable laws and regulations or industry standards regarding remuneration. If applicable, the Supplier and any subcontractors must comply in particular with the Minimum Wage Act and the Temporary Employment Act. Deductions from remuneration and benefits as disciplinary measures are not permitted. The regulations on remuneration also apply to other benefits provided to employees.

### **Working hours**

The Supplier undertakes to comply with national laws and regulations or industry standards with regard to working hours, break times, rest days, vacations and paternity or maternity leave. This also applies to employees who do not have a permanent workplace at one of the Supplier's sites.

### **Working conditions**

The Supplier shall comply with the applicable health and safety laws and regulations.



**Health and safety**

The Supplier undertakes to comply with the applicable health and safety laws and regulations. It shall provide safe and healthy working conditions for its employees and ensure that measures are in place to prevent fires and accidents and to protect against hazardous substances. The Supplier shall train its employees in accordance with the applicable health and safety guidelines and in safety procedures, compliance with which is mandatory and monitored. The Supplier shall provide adequate sanitary conditions.

**Freedom of association and the right to collective bargaining**

The Supplier shall respect the right of its employees to freedom of association and collective bargaining within the framework of the applicable laws and conventions of the International Labor Convention (ILO).

**Prohibition of discrimination**

The Supplier shall refrain from discriminating against employees on the basis of age, physical or mental limitations, ethnic origin, physical appearance, skin color, gender, pregnancy, sexual orientation, nationality, religion, marital status and other characteristics. The Supplier shall observe the principles of equal opportunities when selecting and promoting its employees.

**Diversity, equality, and inclusion**

LÄPPLE requires the Supplier to provide an appreciative and unprejudiced working environment free from discrimination, intimidation, and harassment. All employees must be valued, regardless of age, gender, gender identity, ethnic origin, nationality, religion or belief, disability or sexual orientation.

**Preservation of natural resources**

The Supplier shall not, in violation of legitimate rights, take land, forests or waters whose use secures the livelihoods of people. The Supplier must refrain from harmful soil modifications, water and air pollution, noise emissions and excessive water consumption if this harms people's health, significantly impairs the natural basis for food production or prevents people's access to safe drinking water or sanitary facilities.

**Dealing with conflict minerals**

The term "conflict minerals" refers to the metallic materials tin, tungsten, tantalum, and gold, which originate from the Democratic Republic of the Congo and its neighboring countries. These materials are also referred to as "3TG". The trade in 3TG from the Democratic Republic of Congo and its neighboring countries enables armed conflicts and human rights violations. EU Regulation 2017/821 and the U.S. Dodd-Frank Wall Street Reform and Customer Protection Act, Section 1502 and SEC regulations require disclosure of the use of 3TG and transparency within the supply chain. The intention behind this is to end armed conflicts and comply with international law. In order to fulfill due diligence obligations, promote responsible raw material supply chains and protect human rights in conflict regions, the Supplier shall maintain programs that regulate the procurement of 3TG in an appropriate manner without the Supplier or the company from which the Supplier procures these materials being involved in the financing of armed groups in the countries of origin or other serious human rights violations. The procurement of minerals and raw materials must be carefully monitored accordingly. The monitoring measures must be disclosed upon request.

**Deployment of private and public security forces**

When using private or public security forces to protect operations, it must be ensured that those affected are protected from extensive violence, torture, and the violation of freedom of association and freedom of assembly. Respect for internationally recognized human rights by the security forces must be warranted.



### 2.3 ENVIRONMENTAL PROTECTION

The Supplier undertakes to comply with the applicable environmental requirements and to continuously improve its environmental performance. The Supplier's employees and those of its subcontractors shall be demonstrably trained by the Supplier or by a suitable representative of the Supplier in accordance with applicable environmental requirements and in the handling of hazardous substances.

#### Permits and environmental management

The Supplier shall ensure that all necessary environmental permits and approvals are obtained. The supplier shall continuously monitor and comply with the necessary requirements in order to ensure compliance with the law.

#### Avoidance of environmental pollution and waste minimization | Air, water, and soil quality

The Supplier shall undertake not to cause any harmful changes to the soil, water pollution, air pollution, noise emissions, or excessive water consumption. It shall take effective measures to prevent environmental pollution and minimize the generation of waste, waste water, and air emissions so as not to significantly impair the natural basis for the production of food or damage human health.

Wastewater and waste shall be labeled and treated in accordance with applicable laws and regulations prior to discharge or disposal.

#### Biodiversity, animal welfare, land use, and deforestation

The Supplier undertakes to comply with all relevant legal and official regulations regarding biodiversity, land use, and deforestation in all projects and to check/implement them accordingly in its supply chain. LÄPPLE requires the Supplier to take active responsibility to contribute to animal and species protection in an exemplary manner and to comply with the applicable animal and species protection laws.

#### Consumption of resources

The Supplier undertakes to reduce, optimize, or (where possible) avoid the consumption of natural resources, including water and energy, and the generation of waste of any kind during production.



**Responsible chemicals management**

The Supplier shall label hazardous materials, chemicals and substances and ensure their safe handling, movement, storage, recycling, reuse and disposal. The Supplier shall ensure compliance with applicable standards relating to hazardous materials, chemicals and substances.

The Supplier is obliged to introduce and operate efficient processes as part of its chemicals management. Chemicals and other substances that may pose a risk if released into the environment must be effectively identified. The use of these identified chemicals and other substances must be reduced to a minimum. The use of alternative substances with a lower hazard potential must be examined.

**Energy consumption and greenhouse gas emissions**

Energy consumption and the relevant direct and indirect CO<sub>2</sub> emissions (Scope 1 and Scope 2) must be monitored as CO<sub>2</sub> equivalents. Economic solutions must be found to improve energy efficiency and minimize energy consumption, as well as to promote the economic procurement, use, and further development of energy-efficient technologies.

**Product safety and environmental compatibility of products developed in-house**

The Supplier shall comply with substance restrictions and product safety requirements. The Supplier shall guarantee in particular that its products do not pose any health or environmental risks when used as intended. When developing products and services, the Supplier shall ensure that energy and natural resources are consumed sparingly during their manufacture and use. The products should also be suitable for reuse, recycling, or safe disposal.

The Supplier undertakes to comply with the regulations on prohibited and declarable substances, e.g. RoHS and REACH, and to provide evidence of this.

The Supplier is expected by LÄPPLE to act sustainably and to actively promote sustainable corporate management at an early stage, e.g. by using renewable energies and minimizing pollution or waste of natural resources.

**2.4 HANDLING CONFIDENTIAL INFORMATION, DATA PROTECTION AND INTELLECTUAL PROPERTY****Confidential information**

The Supplier must protect the confidential information entrusted to it by LÄPPLE. Such information may only be used in the manner authorized by LÄPPLE. Confidential information is information from LÄPPLE and its contractual partners that is not publicly known.

**Information security and data protection**

The Supplier must take technical and organizational measures that reflect the state of the art and thereby guarantee an appropriate level of security for its IT systems. To this end, the Supplier shall define minimum requirements for risk management, which include data encryption, risk assessments, and special consideration of the supply chain. The Supplier shall undertake to protect the personal data of its employees and business partners and their customers in accordance with the statutory provisions.

**Intellectual property and plagiarism**

The Supplier shall protect the intellectual property of LÄPPLE and third parties. Intellectual property includes, among other things, development results, diagrams, patents, trademarks, designs, trade secrets, samples, models, and other industrial property rights and expertise. No products may be supplied to LÄPPLE which infringe the intellectual property rights of third parties.

**Preservation of identity and protection from persecution**

The Supplier shall establish a grievance mechanism that protects employees who submit a grievance report within the Supplier company from threats, harassment, or other adverse actions. In addition, care must be taken to protect the personal data of the reporting and reported persons. Whistleblowers are expected to be granted the confidentiality of their identity by the supplier company during all phases of the procedure.

# 3. VIOLATIONS

## 3.1 OBLIGATION TO REPORT VIOLATIONS

### Complaints procedure

LÄPPLE expects its suppliers to identify risks within their supply chains and to take appropriate measures. In the event of suspected violations and to safeguard supply chains with increased risks, the Supplier will inform LÄPPLE promptly and, if necessary, regularly about the violations and risks identified and the measures taken.

### Reporting office

Such a violation must be reported at [www.laepple.de](http://www.laepple.de). A report will be treated confidentially and anonymously.



## 3.2 CONSEQUENCES OF A VIOLATION

A breach of the above principles and regulations constitutes a significant impairment of the business relationship.

If a violation of the provisions of this Code of Conduct is detected, LÄPPLE shall immediately notify the Supplier in writing and grant it a reasonable grace period to bring its conduct into line with these provisions. If a remedy is not possible in the foreseeable future, the Supplier must notify LÄPPLE immediately and, together with LÄPPLE, draw up a concept with a timetable for remedying or minimizing the violation. If the grace period expires without result or the implementation of the measures contained in the concept does not remedy the situation after the expiry of the timetable and no milder means are available, LÄPPLE may terminate the business relationship and all contracts immediately and with immediate effect. A statutory right to extraordinary termination without setting a grace period, in particular in the case of violations deemed to be very serious, remains unaffected, as does the right to compensation.

The Supplier shall indemnify LÄPPLE against all claims asserted against LÄPPLE due to a violation of the Supplier Code of Conduct by the Supplier, irrespective of the term of the contract.

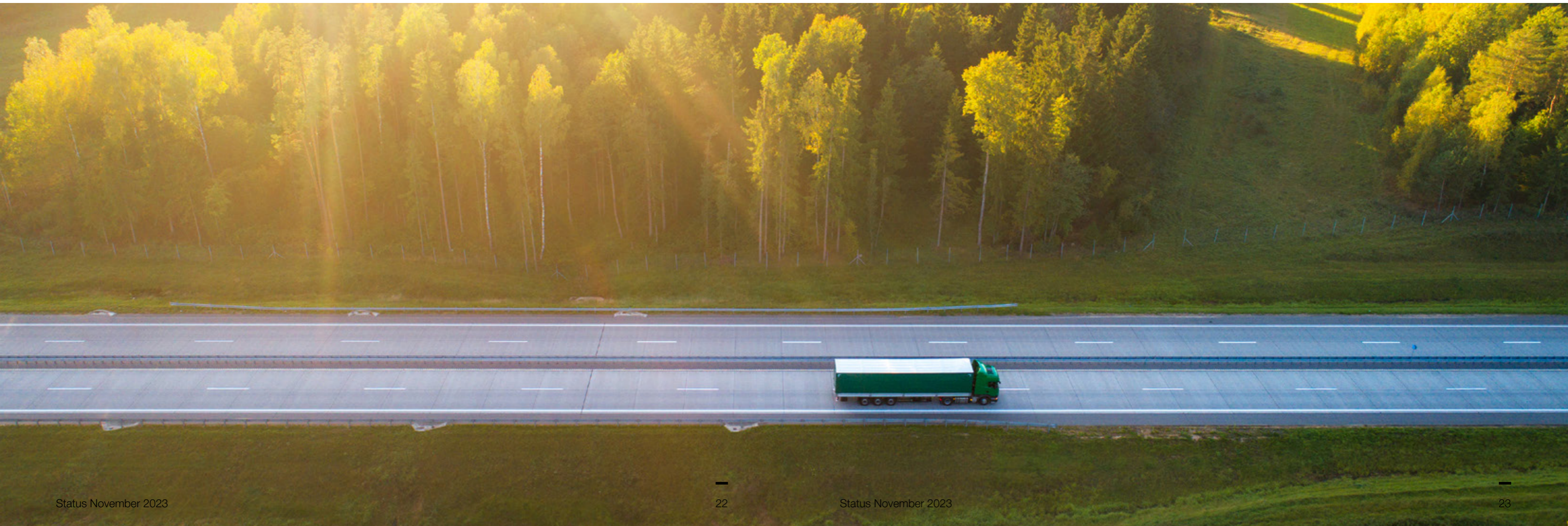


## 4. DECLARATION OF COMMITMENT

The Supplier shall undertake to communicate the requirements set out in this Supplier Code of Conduct to its own suppliers and to oblige them in the same way. This serves to guarantee compliance with basic principles and standards along the supply chain.

## 5. CHANGES

LÄPPLE reserves the right to review the Supplier Code of Conduct on a regular basis and to make changes where necessary. Changes are published regularly at [www.laepple.de](http://www.laepple.de) and on the websites of the respective companies in the Group.





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